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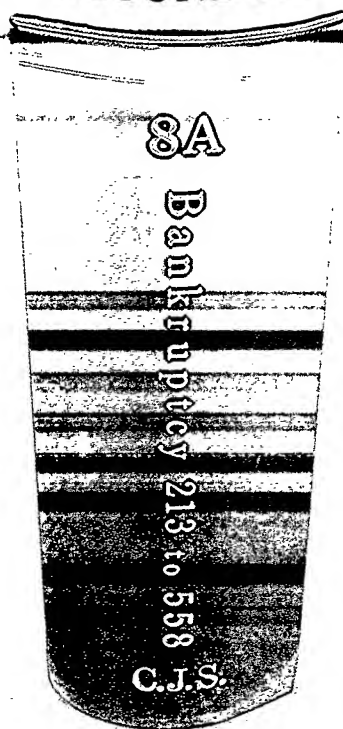
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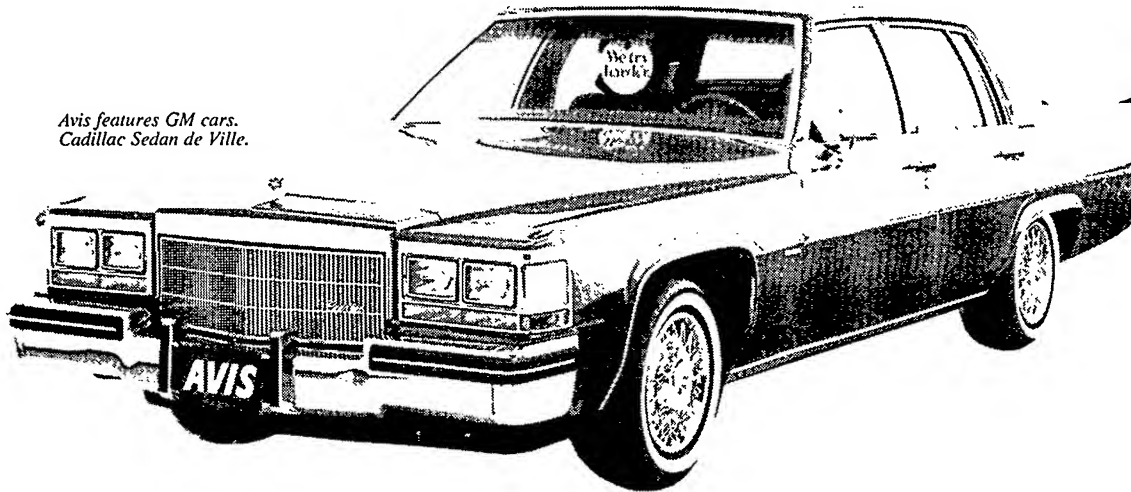
Reservation gambling frustrates state and county officials



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Betting on Indian Rights

By Carla DeDominicis

To those who make the pilgrimage from Southern California through the backcountry to the cardrooms and bingo halls on the Barona, Morongo or Cabazon Indian reservations, bingo and poker games offer a chance to parlay a \$5 bet into a fortune. To the Indians, their advocates and the federal courts, the games provide a lawful way to nurture faltering tribal economies.

But to law enforcement officials, Indian bingo is nothing more than illegal gambling, likely to attract organized crime. And to the cities, counties and states involved, it represents the usurping of their right to govern, a menacing intrusion on local control and on state plenary powers.

While standing-room-only crowds on the reservation wait expectantly for bingo victory, a contest of resounding consequence is being played out in federal courts. It is a contest that pits state and local officials against a number of tribal leaders, supported by the federal government, who are still seeking the prize of economic, and then political power.

The Indians are winning—winning big, complain state and local officials. They predict that bingo parlors and cardrooms may be a prelude to large-scale, Las Vegas-style gambling operations on Indian lands in California and ultimately throughout the nation.

□

There is not much to distinguish the Indian bingo played on three reservations in San Diego and Riverside counties since April 1983 from the games at the American Legion or Catholic churches across the land—except the jackpots of \$20,000 and the fact that outside firms share in the profits. California Penal Code §326.5 limits bingo jackpots to \$250 and prohibits anyone other than a charitable organization from having a financial interest in bingo profits. So in mid-1981, when the Baronas first announced their intention to open the high-stakes bingo parlor, San Diego County Sheriff John Duffy threatened to raid the games on the remote reservation, located some 25 miles from the heart of the city, and arrest players and operators alike.

In December 1982, however, the Ninth Circuit Court of Appeals made it clear that the sheriff, and any other agent of state or local government, lacked authority to stop gambling on the reservation. The court held in *Barona Group of Capitan Grande Band of Mission Indians v. Duffy* ((1982) 694 F2d 1185) that because bingo is permitted in California, the laws regarding it must be characterized as civil/regulatory in nature rather than criminal/prohibitory. The U.S. Supreme Court had earlier determined that even though Congress granted complete criminal jurisdiction over reservation lands to six

states including California in 1953 (18 USC §1162), it had never granted those states civil/regulatory jurisdiction. *Bryan v. Itasca County* (1976) 426 US 373. Consequently, the Ninth Circuit reasoned that state and county bingo laws do not apply on the Barona reservation. The U.S. Supreme Court has refused to review the ruling.

The Barona case won the tribe the right to govern its bingo games without regard to state rules or regulations. But in a larger sense, the case made it clear that absent a specific Congressional grant, Indian lands are jurisdictional islands exempt from state and local civil regulatory schemes.

The issues raised by the Barona case are not unique to Southern California. Bingo is being played at the Bishop Reservation in Inyo County and is being organized by the Santa Rosa tribe in Kings County. In central California, the Santa Ynez tribe is building a bingo parlor to seat 1,200 players on its 125-acre reservation located five miles northeast of President Reagan's ranch. The Bureau of Indian Affairs office in Sacramento estimates that at least half the tribal governments on the 81 reservations in the state are interested in starting bingo operations.

Nor are the issues unique to California. The Florida Seminole Indians were the first successfully to litigate their right to operate unregulated bingo games. *Seminole Indians v. Butterworth* (5th Cir 1981) 658 F2d 316. And since then, tribes in Maine, North Carolina, Washington, Arizona and Wisconsin also have set up bingo games unencumbered by state civil regulations. The Seminole tribe reported at a Las Vegas gaming management conference that its bingo operations outside Tampa, Hollywood and Brighton grossed more than \$20 million in 1982, returning \$2.7 million to its 1,500 members and more than \$1 million to its non-Indian business partner.

Tribal leaders throughout the nation are attending how-to "gambling operations" conferences in Las Vegas sponsored by gaming management and consulting firms. A Fort Lauderdale company, Indian Bingo Inc., has filed preliminary registration papers with the Securities and Exchange Commission proposing an initial public stock offering of five million common shares in a nationwide business. According to briefs filed in the Barona case, an estimated 100 of the 283 Indian tribes in the United States are seriously considering Indian bingo.

Worst-case scenario

Riverside Deputy County Counsel Glenn Salter is now pursuing a related issue before the Ninth Circuit: whether local government can prohibit Indians from hosting draw, lo-ball and panguingue poker games while California permits, but regulates, the same activities off the reservation. "Our concern," Salter says, "is that you're going to see Indian reservations turning into gambling hubs."

Salter lost the first round in May when the U.S. District

Indian Rights

Court for the Central District of California enjoined Riverside County from closing the Cabazon cardroom. *Cabazon Band of Mission Indians v. County of Riverside* (No. 83-1117 LEW). The court ruled that Indian sovereignty and self-government preclude state or local interference with the games dealt each day on 25 felt-covered tables in a casino located 25 miles east of Palm Springs alongside Interstate 10.

If the Ninth Circuit upholds the district court, state law enforcement officials say the reservations will be beyond their control. In the worst-case scenario, "dirty money" will flood the reservation, where resort casinos will rise from barren land. There, perhaps at the Twentynine Palms reservation near a Marine base or on the Chemehuevi reservation along the Colorado River, gamblers will wager on bingo, cards or even horse racing.

"Common sense tells you there's a lot at stake," says Rudy Corona, deputy state attorney general in San Diego. "There's big business out there, business that has low overhead and a chance of huge profits. Business that could get dirty." Corona adds that California voters never intended that bingo be developed into a huge money-making, unregulated industry when they amended the state's constitution in 1976 to permit non-profit groups to sponsor the games. Art IV, §19(c).

It is interesting to note that unlike the Seminole case in Florida and a similar case involving the Oneida tribe in Wisconsin (*Oneida Tribe of Indians of Wisconsin v. State of Wisconsin* (WD Wisc 1981) 518 F Supp 712), the state attorney general's office in California never interceded in the Barona and Cabazon cases. Both were handled exclusively by county counsel before the Ninth Circuit and on unsuccessful petition for certiorari to the U.S. Supreme Court.

"The county didn't tell us about it until the time had almost run out for amicus briefs," says Corona. Attorney General John Van de Kamp, who was not in office during the earlier stages of the cases, says it is likely that his office will intercede in *Cabazon* before the Ninth Circuit.

The federal government, which according to judicial interpretation is the sole non-tribal entity having jurisdiction over Indian gambling, appears to be turning a deaf ear to the health, safety, and welfare argument of state and local officials. Earlier this year, the Justice De-

partment proposed an addition to the U.S. Criminal Code that would have given the states control of gambling operations on Indian reservations. But before it could be adopted, Interior Secretary James Watt interceded, describing the proposal as inconsistent with President Reagan's January 24, 1983, statement on Indian policy. Reagan had stressed the administration's dedication to tribal self-government and encouraged cooperative efforts between tribes and private business that would develop reservation economies and reduce tribal dependence on federal funds.

The Interior Department's Assistant Secretary for Indian affairs, Kenneth Smith, also issued a memorandum strongly opposing the Justice Department proposal. Smith noted the limited revenue-producing natural resources on many reservations and concluded that the revenue-producing possibilities of gaming should be "protected and enhanced." The Justice Department's proposal for state control of reservation gambling has since been abandoned.

The federal government also made its position known by declining to intervene in the Cabazon cardroom case after U.S. District Court Judge Laughlin E. Waters asked if it was interested in doing so. In addition, the Bureau of Indian Affairs has established a task force to study reservation gambling. In the words of BIA information specialist Vince Lovett, the federal government tends to view gambling "as a growth industry of Indian reservations."

The Indians agree. "They've seen the handwriting on the wall," says Barona counsel Art Bunce, a sole practitioner in Escondido who confines his practice to Indian affairs. "Federal funding is getting less and less. We've been told, 'Pick up on whatever you have now and develop it. If you have no natural resources to exploit, create some unnatural ones.'"

Charles Scott, directing attorney of the Escondido office of California Indian Legal Services, predicts that the jurisdictional bonuses from sovereignty rights will eventually result in economic and political gain for the Indian tribes.

Shifting policy

The controversy over Indian gambling is only the latest chapter in the history of shifting government policy toward American Indians. At first, the government encouraged the tribes to be autonomous. But after the wars of the 1850s and forced relocation in the West, Indian land was divided into family parcels to promote private ownership.

By the 1930s, Congress decided to re-establish tribal governments in an at-



Carla DeDominicis is an attorney in private practice and free-lance writer in Escondido.

Turning sagebrush into gold

Not all American Indian tribes are embracing gaming. Some, such as the already wealthy Agua Caliente Band, whose land literally checkerboards the city of Palm Springs, have considered but rejected the idea, content to collect rent from their well-placed lands. Others with natural resources are forming oil and mineral cartels and investigating the legality of imposing tribal severance taxes to supercede state severance taxes.

But for the tribes whose land is without timber, minerals, fish or game, gambling is the only option promising income—the last hope for building a foundation for political power.

Most of the 81 reservations in California are in isolated areas which can only be described as wastelands. The Indians say they are not there by choice, but as a result of a federal government that took away their productive lands and now expects them to survive by turning sagebrush into gold. Their only resource is their unique legal status as sovereigns.

"Historically, we treated Indians as having their own sovereign land," says Harrison Hertzberg, senior partner in the Los Angeles law firm of Hertzberg & Hertzberg, who pitched the Florida Seminole bingo operation to the Barona Indians in San Diego. Hertzberg created his own management firm to run the games under a 25-year contract that guarantees it 45 percent of the profits. He also represented the Baronas in their legal battle with the San Diego County sheriff all the way to the U.S. Supreme Court. "Their sovereignty has to be respected for all we've done to them. They've been 200 years behind and they have to catch up. After all, we broke 986 treaties with them," says Hertzberg.

To those who align themselves with the Indians, the question is not whether Indians should continue to

enjoy their protected legal status, but whether it will be exercised responsibly. Tribal leaders and members say they have no desire to be infiltrated by organized crime. They too are concerned that Indian bingo, Indian poker and all that may follow may be just another way for the white man to exploit the tribes.

For the Baronas, a tribe of approximately 350 members without any other economic base, bingo may prove to be the panacea that it's touted to be. Four nights a week the tribe's gymnasium-turned-gambling-hall is filled to capacity 45 minutes before game time. Tribal members are talking of building hotels on the reservation for the players; of new roads, new housing, new community facilities, better sewage and water systems. Tribal officials hope to overtake the Florida Seminoles, who have reported that bingo has paid \$100 a month for the last two years to each of the tribe's 1,500 members.

But by early June, a dissident faction of the tribe was complaining that Hertzberg's contract was entered without a thorough understanding of its terms. The dissidents, who compose approximately 40 percent of the tribe's voting members, tried unsuccessfully to impeach the tribal leaders who negotiated the contract. Undeterred, they promised to seek an injunction to halt the games pending resolution of the dispute. By late June, after a check for \$55,000 for the first seven weeks' profits had been deposited into tribal coffers, the complaints quieted. The tribe will soon begin construction of a new bingo hall and a convalescent home for its elders, both to be built by previously unemployed Indian laborers.

For the Cabazon tribe, however, any gains from Indian gambling have been tainted. The 22-member tribe bought a joint-venture gaming busi-

ness negotiated by attorney Glenn Feldman of the Washington, D.C., firm of Zientz, Pirtle, Morisset, Ernstoff & Chestnut. But after a hopeful beginning, one faction of the tribe alleged that the operation was mob-controlled. Indeed, at one time, the tribe's outside management firm hired a casino manager rumored to have connections with organized crime. Feldman, who represents the tribe in litigation involving the legality of their bingo operation, says the manager was terminated when the firm learned of the rumors.

In mid-1981, Fred Alvarez, the 32-year-old tribal vice chairman and casino security chief, and two of his companions were found murdered on the patio of Alvarez's home, each shot in the head with a single bullet. At that time, attorney Steve Rios of San Juan Capistrano, who served as the executive director of the California Native American Heritage Commission from 1977 to 1979, confirmed that before his death, Alvarez had scheduled an appointment to discuss alleged misappropriation of casino funds. The triple murder remains unsolved.

As the casino reorganizes under Chapter 11 bankruptcy proceedings, the tribal rift among the Cabazons is intensifying. Armed with the jurisdictional umbrella of sovereignty, the ruling faction is contemplating expanding its casino operation to include a munitions factory—and may allocate part of the 1,700-acre reservation for either a hazardous material or nuclear waste dump.

"That's not what our land was meant to be," says Linda Streeter, Alvarez's sister. "We felt we were going to finally have financial clout that we could show the rest of the Indians in the country. Now, I'd just like to see a K-Mart go in, so we can be like the rest of the world."

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tempt to revive the Indians' communal lifestyle. For the next 20 years the federal government held the Indian land in trust. Then in 1950, Congress passed the Termination Acts, which once again tried to assimilate the Indians into white society.

The Indian gaming suits hinge on a federal statute passed in 1953 known as Public Law 280 (18 USC §1162). Congress had been concerned about lawlessness on some reservations, and in response granted the six states with the

largest Indian populations complete criminal jurisdiction over reservations within their borders. Congress included an ambiguous grant of civil jurisdiction, but that right was defined by the 1976 Bryan case to include only private civil actions by or against reservation Indians.

The Barona opinion is consistent with several rules of construction developed by the judiciary in cases affecting Indian rights. The Supreme Court has held that ambiguities in statutes concerning depen-

dent tribes are to be resolved in favor of the Indians (*Oliphant v. Suquamish Indian Tribe* (1978) 435 US 191), that state jurisdiction over reservations is strongly disfavored (*McClanahan v. Arizona State Tax Commission* (1976) 411 US 164) and that the present federal policy of tribal self-government is to be preserved (*U.S. v. Wheeler* (1978) 435 US 313).

From the combination of government policy, legislation and judicial opinion comes the concept that Indian tribes are



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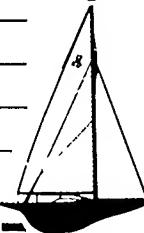
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Indian Rights

dependent sovereigns of the United States, distinct entities with powers at least as great, and in some situations greater, than the states'. Within the federal system, a tribe has authority to govern itself in much the same way a city or county does within a state.

As a result, the courts have held that on reservations, Indians are free to make their own laws and be governed by them, and may disregard the civil regulations that bind non-Indians. Recent opinions have stated that on Indian lands, the tribes may disregard surrounding city and county zoning (*Santa Rosa Band of Indians v. Kings County* (9th Cir 1975) 532 F2d 655), that they are entitled to sell fireworks (*Viejas Band of Mission Indians v. County of San Diego* (SD Cal 81-596-T)) and that they are able to encroach on the state's monopoly on horse racing (*Seminole Indians v. Butterworth*, supra).

"It is always difficult to argue special treatment for Indians in an egalitarian democratic society," says Scott of California Indian Legal Services. "But there are cultural and historical reasons to do so. To say that Indians are privileged is not correct. But to say that they have the right to be treated differently is correct."

Corona of the attorney general's office in San Diego still worries that the FBI will not scrutinize Indian gambling operations as closely as the state would if it could. He says his office is trying to determine if the state can side-step the Bryan and Barona decisions by amending California gaming laws with a broad statement that they are intended to be criminal/prohibitory in nature. Failing that, Corona says the attorney general is looking into the possibility of making it a crime for the general population to play high-stakes bingo or poker—a proposal that constitutional scholars say would be as likely to survive a legal challenge as a state law prohibiting Californians from crossing into Nevada's jurisdiction to gamble.

As state and local officials ponder ways to thwart Indian gaming, Indians and their advocates complain that their adversaries are little more than spoilsports. "The states have historically been the tribes' worst enemies," says Steve Quesenberry, staff attorney for the Ukiah office of California Indian Legal Services. "They've never accepted the fact that the tribes are sovereign. They just aren't subject to state jurisdictions unless and until Congress acts. It's a legal reality states are unwilling to accept. But until they start dealing with the tribes on that basis, you'll never be able to reconcile this tension." □

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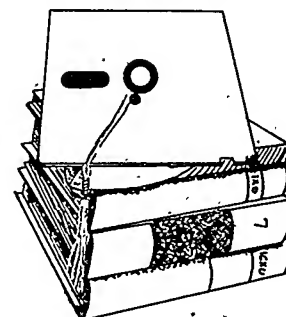
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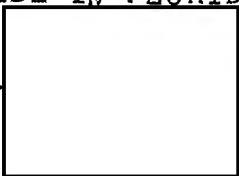
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SEMINOLE TRIBE IN FLORIDA IS READILY FURNISHED BY [REDACTED]
AFFILIATED WITH THE CHICAGO OUTFIT AND [REDACTED] WELL KNOWN
ASSOCIATE OF THE LATE MEYER LANSKY. ADDITIONALLY, ON JUNE 12, 1983,0
[REDACTED] WAS APPROACHED BY [REDACTED]
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IS INTERESTED IN INTRODUCING SLOT MACHINES ONTO THE RESERVATIONS
IN FLORIDA.H

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POLITICAL INFLUENCE AND ACTIVITIES: ACCORDING TO THE NEWSPAPER
ARTICLES, THE SEMINOLE TRIBE IN FLORIDA, HAS NOW BECOME THE LARGEST
SINGLE POLITICAL CONTRIBUTOR IN THE STATE. IN 1982, THEY GAVE MONEY
TO 42 HOUSE CANDIDATES, 17 SENATE CANDIDATES AND THREE CANDIDATES FOR
CABINET POSTS. ADDITIONALLY, MONEY WAS DONAED TO THE DEMOCRATIC
NATIONAL COMMITTEE. TWO LOBBYISTS ARE RETAINED FOR AN ANNUAL FEE OF
\$192,000. SINCE THE LATE 1970S, THE SEMINOLES HAVE HAD SOMETHING

PAGE FOUR

TP 198A-3

UNCLAS E F T O

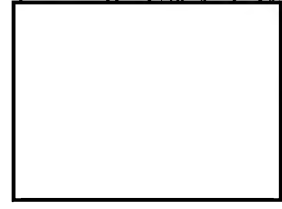
KNOWN AS A NICKEL FUND WHICH WAS DERIVED FROM A NICKEL DEDUCTION ON EACH CARTON OF TAX FREE CIGARETTES SOLD ON THE RESERVATION. THE MONEY WAS USED IN MANY DIFFERENT WAYS BUT LARGELY FOR POLITICAL CONTRIBUTIONS. VARIOUS TRIBE MEMBERS HAVE REPORTED THAT THEIR CHECKBOOKS WERE USED TO CONCEAL THE ACTUAL SOURCES OF THE POLITICAL CONTRIBUTIONS. ACCORDING TO A U.S. DEPARTMENT OF JUSTICE SOURCE, INDIAN TRIBES MAY NOT BE SUBJECT TO FEDERAL ELECTION LAWS.

AS WAS NOTED IN REFERENCED TAMPA AIREL TO HQ, IN ADDITION TO ALL OF THE ABOVE QUESTIONABLE PRACTICES, ENS OF MILLIONS OF TAX DOLLARS ARE BEING LOST BY THE STATES IN WHICH THESE RESERVATIONS ARE LOCATED. IT IS RECOMMENDED THAT THE BUREAU CONSIDER AN UNDERCOVER OPERATION AS A MEANS OF IDENTIFYING MORE PRECISELY THE SCOPE OF THIS PROBLEM AS IT IS EXTREMELY UNLIKELY THAT THE BUREAU OF INDIAN AFFAIRS WOULD BE CAPABLE OF OR WOULD DESIRE TO TACKLE THE PROBLEM. BECAUSE THIS PROBLEM APPARENTLY EFFECTS SO MANY DIFFERENT FIELD DIVISIONS, IT IS FELT THAT THE BUREAU MIGHT ASSUME A LEADERSHIP ROLE IN THIS MATTER ATLEAST FOR POLICY GUIDANCE REGARDING THE SCOPE AND NATURE OF CIR INVESTIGATIONS AS RELATED TO LARGE SCALE GAMBLING OPERATIONS.

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SERIALIZED	FILED
JUN 17 1983	
FBI	



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(Mount Clipping in Space Below)

A New Indian War

Florida, California and North Carolina ought to band together against the new Indian raiders. Their war whoop is "Bingo!"

The Indians are sabotaging state laws limiting gambling on bingo games. They are craftily using a federal court ruling that as long as they operate on reservation lands, state gambling laws can't touch them.

A second high-stakes Indian bingo hall was opened at Lakeside, Calif. last weekend by the Barona tribe. There was already a similar operation on the Cabazon Reservation near Indio. California law limits bingo payoffs to \$250 and no more than three days a week of play. But the Indians offer prizes up to \$1,500 and stay open four days.

The Barona tribe, the Associated Press reported, "modeled its bingo operation after the games run by the Seminole Indians in Florida".

Cherokees in North Carolina also decided the Seminoles had a good thing going. They opened a big-payoff game last December in a converted textile mill at the town of Cherokee.

The Seminoles first used the Indian-land shield in establishing a bingo game on their reservation in Broward County. It has made payoffs as high as \$56,000 and packs in players from the East Coast area.

They have no reservation near Tampa but took advantage of the discovery of the skeletons of 42 Indians during the excavation for the downtown Tampa City Center development. The tribe bought 8.5 acres at Interstate 4 and Orient Road for a burial ground and obtained from the U.S. Department of Interior a designation of the site as a reservation.

So Florida's law limiting bingo games to charitable and religious organizations operating no more than two days a week and paying only one \$100 jackpot a night, plus \$25 game prizes, was stopped at the borders of the burial ground.

The Tampa operation, opened last summer, offers special prizes which can reach as high as \$50,000. Players are bused in from cities all along the West Coast; the hall runs seven days a week.

This kind of gambling makes a farce of state laws designed to offer harmless diversion for the benefit of charitable and religious organizations. Indian projects get some benefit — but the professionals who run the big-money games have no interest in charity.

There is no logic to a ruling that because a piece of land is designated as an Indian "reservation" it obtains immunity from enforcement of a state gambling law. If unlimited bingo is permissible, why not casino gambling?

Congress can withdraw this unreasonable exemption. If Florida, California and North Carolina combine their political forces, they may be able to win this new Indian war.

(Indicate page, name of newspaper, city and state.)

THE TAMPA TRIBUNE
TAMPA, FL.

Date: 4/22/83

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Character:

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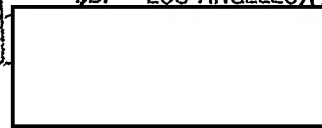
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Submitting Office: TAMPA

Indexing:

183-1746-3

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JUN 17 1983
FBI — LOS ANGELES



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b7C

(Mount Clipping in Space Below)

Seminole bingo: an affront to Florida

A St. Petersburg man says he won \$58,000 playing bingo at the Seminole Indian tribe's bingo hall in Tampa. But the operators won't pay him, saying they can't find his winning card. He has complained to the FBI. Maybe he'll get the money. Maybe he won't.

For Florida, the more important issue is how shamefully the state's laws and best interests are being flouted by the Seminoles' high-stakes operation. A prize of \$58,000 isn't bingo as charities play it; it's nothing but casino gambling.

Florida law permits charities and nonprofit organizations to conduct bingo so long as there is no more than one \$100 jackpot a day, all other prizes are limited to \$25 and games aren't conducted more than twice a week. Operators, moreover, are supposed to be "bona fide members" of the sponsoring group and aren't supposed to receive any pay for running the games.

THE SEMINOLES run theirs seven days a week, employ professional managers and offer prizes in the thousands of dollars — not only at Tampa but on their reservation in Broward County. The implications are serious, yet the Seminoles get away with it because federal courts have held that Florida's law doesn't apply on tribal land.

Congress could close that offensive exception. So, perhaps, could the Legislature, if it rewrote the bingo statute to make it a licensing and revenue measure — with stiff criminal penalties — instead of the sham that it is.

But don't hold your breath. Congress isn't interested and the Florida Legislature isn't likely to act, seeing as what the Seminoles have learned to do with the money from their bingo casinos and tax-free cigarette sales. They gave \$41,702 last year in campaign contributions to 39 House members and 17 senators. Recipients included Gwen Margolis, D-Miami, chairman of the Senate Finance and Taxation Committee, \$1,000; Sen. Jim Scott, R-Fort Lauderdale, chairman of the Judiciary-Civil Committee, \$2,000; Sen. Joe Carlucci, D-Jacksonville, chairman of the Judiciary-Criminal Committee, \$1,000; Rep. Sam Bell, D-Daytona Beach, chair-

(Indicate page, name of newspaper, city and state.)

ST. PETERSBURG TIMES
ST. PETERSBURG, FLORIDA

Date: 4/18/83
Edition:

Title:

Character:

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Classification:

Submitting Office: TAMPA

Indexing:

man of the House Commerce Committee, \$500; House Minority Leader Ron Richmond, R-New Port Richey, \$1,000; Speaker pro tem Steve Pajcic, D-Jacksonville, \$1,250; Rep. Barry Kutun, D-Miami, chairman of the Finance and Taxation Committee, \$1,000; Rep. Carl Ogden, D-Jacksonville, chairman of the Committee on Regulated Industries and Licensing, \$500; and Rep. Elvin Martinez, D-Tampa, chairman of the Criminal Justice Committee, \$750.

MEANWHILE, state and local governments are losing an estimated \$15-million a year in cigarette tax revenue on account of the Seminoles' tax-free smoke shops in Tampa and Broward County. Whatever sympathy the Seminoles might deserve for past injustices is dissipated by the arrogance of their professional gambling operation. Let it be noted also that the site at Tampa was put into federal trust status — invoking the gambling and cigarette tax exemptions — ostensibly for "cultural" and "archaeological" reasons, according to the U.S. Department of the Interior. The State Department of Business Regulation is suing to have that trust status, granted in the last days of the Carter administration, set aside.

What might the Legislature do, presuming it hasn't been bought off with those lavish campaign contributions? It could revoke the cigarette tax exemption; the Interior Department has stated clearly that the exemption derives from state law only. Even if state legislators didn't object to the tax-free cigarettes, they could use that issue as leverage to control the Seminoles' gambling casino. And they should. But as we said, don't hold your breath.

183-1746-4

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THE MIAMI HERALD
MIAMI, FLORIDA, Pg 1A&6A

Date: 5/31/83

Edition: FLORIDA EDITION

Title: SEMINOLE BINGO

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Submitting Office: TAMPA

\$14-million Broward condo plan hinged on land deal

The Seminoles: Cashing in on Sovereignty

Last of a series

By JOHN MacCORMACK
And FRED STRASSER

Herald Staff Writers

An Indian cigaret baron and a self-confessed bag man; the Seminole chairman and the tribal lawyer; a convicted swindler and South Florida's largest developer.

These were the unlikely players in a secret \$14-million plan to turn the Oak Ridge Country Club near Fort Lauderdale into an Indian reservation, then surprise South Florida with a new Century Village.

Had all gone according to plan, Cenvill Development Corp. could have built 7,000 condominiums on newly designated Indian land — beyond the reach of state and local

building and zoning codes. The county would have limited development to 1,400 units.

When Cenvill's negotiations with the Seminoles collapsed, the company decided to build its new condominium community in Pembroke Pines.

The Century Village deal symbolizes the newfound economic clout of South Florida's Seminoles. By using the special status accorded reservation land, the Seminoles established lucrative ventures in tax-free cigaret sales and unregulated

bingo, fueling an entrepreneurial zeal that has spread to almost five-dozen reservations across the nation.

Through enterprise, shrewd legal maneuvers and burgeoning political influence, the tribe hoped to expand its portfolio with real-estate developments that also would be beyond the reach of local and state regulations.

The 286-acre Oak Ridge golf course, sandwiched between Hollywood and Fort Lauderdale, is one of the biggest chunks of undeveloped land east of Florida's Turnpike.

The idea to develop it intensively came to Cenvill President Irwin Levy in late 1981 through Joel Kline. At the time, Kline was working with Bernard Greenberg as a consultant to Marcellus Osceola, a Seminole with an option to buy the golf course on Griffin Road near SW 35th Avenue.

Levy, whose company has built 20,000 Century Village units in South Florida in the last 12 years,

Please turn to CENVILL / 6A

Development would have fattened tribe's tax base

CENVILL / From 1A

was taken with the proposal.

"We were looking for the next Century Village, and this was a super location," he recalled. Building on Indian land, he concluded, "could alleviate a lot of problems."

"We could get out of all the government crap we always have."

Kline and Greenberg had unusual credentials from past ventures. Both had played prominent roles in national white-collar and political-scandal cases.

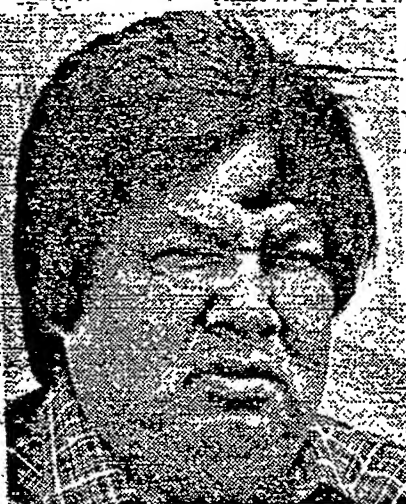
Kline, now a Fort Lauderdale resident, testified in 1974 that he delivered money to Maryland county executive Dale Anderson from people seeking political favors. Kline's testimony helped convict Anderson of conspiracy, extortion and tax evasion.

In 1977, Leo Kornrath, a prominent Manhattan interior designer, pleaded guilty to evading taxes by laundering money through Kline and brothel operator Xaviera Hollander.

In an unrelated case, Kline pleaded guilty to obstruction of justice, stemming from a federal probe of stock manipulation in 1971. He spent 4½ months in federal prison in 1974.

Greenberg, a Cooper City resident, has a similar background. In 1972, he was sentenced to three years in prison for his part in the \$150-million Trans Continental Insurance-Bank of Sark scheme, one of the largest loan frauds ever uncovered in this country.

The plan Kline and Greenberg brought to Levy consisted of three crucial steps: The tribe had to acquire land, the federal government had to make it part of the Seminole reservation, and the tribe had to



Consultant Joel Kline told me . . . that everyone stood in line to do a Joel Kline deal. I wish I'd never stood in line. I'd have my \$150,000.

Marcellus Osceola

turn it over to Century Village.

Osceola, a tribal councilman and owner of a lucrative tax-free cigar shop on the Hollywood reservation, explained an early version of the deal that involved his company, Marcellus Osceola Enterprises (MOE).

"MOE would buy the land for \$7.5 million and sell it to Levy. Levy would donate the land to the tribe. The tribe would get it put into trust status and then lease it back to Levy for 99 years," he said.

Levy would have paid about \$14

million for the land.

Everything would have taken place simultaneously in a room packed by lawyers. If it worked, everyone would have left the room vastly more wealthy.

"I was the Indian," Osceola explained. For this essential role, he estimates MOE would have earned a quick \$6.25 million.

Kline and Greenberg would have benefited indirectly. While they worked as hourly paid consultants to Osceola, their relatives owned 49 per cent of Osceola's company.

The tribe also would have reaped huge profits from its new multimillion-dollar tax base.

"Levy said it would take him seven years to build everything he needed. The tribe would get 1 per cent tax on \$500 million [the project's estimated value]. At the end of five years, the tribe would go to 2 per cent. That's \$10 million a year for 89 years," Osceola said.

Tribal attorney Stephen Whilden, responsible for getting federal approval of the new reservation, demanded a cut in exchange for his cooperation, Kline and Osceola say.

Whilden denied it. "I was certainly offered that," Whilden said. "It was not something I accepted."

Kline, however, displayed 10 consecutively numbered checks, each for \$1,000, cashed by Whilden while negotiations for the land were under way.

And on Feb. 4, 1982, while the project was moving ahead, Whilden signed a retainer with MOE. The contract gave him 10 per cent of company profits from endeavors involving "Indian tribes and federal trust tribal land."

Whilden said the payments and contract pertained to MOE projects other than Oak Ridge.

"There's another [contract] version around that says Indian tribes

other than Seminole," he said. He did not produce the document.

Levy confirms the proposal Osceola outlined, but recalls somewhat more modest figures. The project would have been worth only \$350 million based on the sale of 7,000 units, and the tribe's earnings would have been less, he said.

Negotiations were kept secret for obvious reasons.

"If it was mentioned that we were contemplating it, it would have been front-page news all over South Florida," Levy said.

Opinions differ as to how and when the project collapsed.

Tribal Chairman James Billie says he killed the deal last June 22 by sending a telegram to Interior Secretary James Watt withdrawing tribal endorsement.

The message came as a shock to Osceola's attorneys, who were meeting in Washington with Interior officials over the application for trust status for the golf course.

Billie says he acted because he suspected that Kline intended to open a casino on the property. Osceola says Billie killed the deal in revenge for the firing of Whilden, which Osceola had engineered a month earlier. Whilden was Billie's closest adviser.



Levy Kline

Osceola, who says he lost \$150,000 trying to put the deal together, partially blames Kline.

"Kline said he had an in with Irwin Levy. He made it seem like Secretary Watt was in his side pocket, that Watt would approve it no matter what we did," he said.

"Joel told me he was the wonder boy of the '70s, that everyone stood in line to do a Joel Kline deal. I wish I'd never stood in line. I'd have my \$150,000."

Kline said he has no complaint with Osceola.

"I still have a relationship with him," Kline said. "I'm not going to dispute what he said one way or the other."

"I just know that non-Indian investors put up all the money, so I just don't know what he's referring to."

Talks continued between Century Village and tribal officials until early this year. Then, Levy sought legal opinion about Century Village's vulnerability on the reservation project.

"The legal opinion was, there's no assurance down the road they [the tribe] couldn't change the rules of the game. They could change the deal, and we would have very little recourse," Levy said.

He concluded that the benefits of building on Indian land were outweighed by the uncertainties of having Indian landlords.

"It became obvious it was a government of people and not a government of law," he said.

In March, Levy announced that the new Century Village would be built in Pembroke Pines.

Levy said the Seminoles' legal status — outside the reach of state and county regulations — offered the tribe unique opportunities.

"They could do some very legitimate business endeavors to the great benefit of their tribe," Levy said. "It's sad it took so long for the tribe to figure it out."

The Seminoles: Cashing in on Sovereignty

New riches grow from old burial ground

Tribe builds shrine, then bingo hall, leaving taxman holding an empty bag

By JOHN MACCORMACK
Herald Staff Writer

James Billie wanted land.

All of his tribe's newfound wealth had sprung from the special sovereignty of the reservation. More land would mean more opportunity — as long as the federal government lent its blessing.

With tribal attorney Stephen Whilden as his ally, the Seminole chairman pursued new territory across the state, from Tallahassee to Pensacola to Fort Pierce.

His quest ended in Tampa, where he promised to build a sacred shrine to his ancestors. He did just that.

But once the land had been placed in federal trust — effectively removed from state control — a bingo hall and tax-free cigaret shop followed.

Enraged federal officials say the Seminoles have endangered land acquisitions by other tribes across the nation.

The tribe's move into Tampa began one night in 1979, when a prospector of antique bottles turned up glass beads and artifacts on the site of a planned city parking garage.

Archeologists later unearthed the bones of 140 Indians buried near Tampa's old Fort Brooke, a deportation point for Florida Indians being sent to Oklahoma in the early 1840s.

Their parking garage threatened with delays by the discovery, city officials happily accepted the Seminoles' offer to remove their ances-

tors' remains and inter them elsewhere. The city agreed not to oppose establishment of a reservation nearby.

Eyeing the heavily traveled Tampa-Orlando corridor as a site for a Seminole tourist center, Billie regarded the bones as a gift that his ancestors tossed in his lap," recalled Whilden, the tribal attorney at the time.

Whilden obtained additional political backing from U.S. Sen. Lawton Chiles and then-U.S. Sen. Richard Stone and Congressmen Sam Gibbons and Don Fuqua.

In July 1980, the tribe bought 8.6 acres on Orient Road about 10 miles east of Tampa. Six months later, the federal government took the land in trust.

"The tract will be used to preserve remains of Seminole Indians and artifacts of Seminole culture," wrote Eastern Area Director Thomas W. Fredericks in a January 1981 memorandum to the Commissioner of Indian Affairs.

These "unique circumstances," he noted, brought the request under the American Indian Religious Freedom Act. Fredericks recommended that normal, more restrictive procedures for land acquisition be waived.

The tribe built an eight-sided museum above the tomb of its forefathers and a cultural center complete with chickees, Florida panthers, native reptiles and a gift shop.

It also built a cigaret shop and a 1,400-seat bingo hall.

Howling treachery, city and state officials sued the U.S. Interior Department to dissolve the new reservation. Because the tribe escapes the 21-cent-a-pack Florida cigaret tax, the smoke shop cost the state \$2.1 million in taxes in just 10 months.

Federal officials also reacted angrily.

"The tribe failed . . . to reveal its true intentions for the use of this property," wrote Roy Sampsel, then-deputy assistant secretary for Indian affairs, in a letter to Billie.

The furor caused by the Tampa deal damaged the Interior Department's credibility with Congress and jeopardized trust land acquisitions of tribes throughout the country, Sampsel said.

The federal government has postponed further Seminole expansion until the suit is settled.

'Good business'

Billie has no regrets.

"Let's face it, this was just a good business way of doing things," he said. "They asked me one simple question: 'What are you going to do here?' I told them some economic development."

What Billie didn't tell them was that he'd signed a development contract on May 27, 1980, with Pan American Associates, a three-man Texas partnership that had loaned the tribe money to buy the land.

The contract with Pan American Associates was signed two months before the tribe bought the land and eight months before it was placed in trust.

A clause in the contract reads: "A



JOHN MacCORMACK / Miami Herald

James Billie, Seminole chairman, pursued new land all across the state.

primary inducement to [Pan Am] is its ability to pursue, operate and manage the business activities involving the sale of cigars, alcohol and bingo on the property."

Looking back, some Seminoles find the whole episode disturbing for several reasons.

Bingo contracts

At the same time Pan Am got the

contract, the Seminole tribe itself was trying to land bingo-management contracts with numerous out-of-state tribes.

Shortly after his firing in June 1982, Whilden and the Pan Am partners formed a new bingo-management corporation, also known as Pan Am. Using revenue from the Tampa hall, that company built in-


dian bingo halls in Minnesota and Arizona.

The Tampa contract is particularly lucrative for Pan Am, giving it 47 per cent of the bingo and cigaret profits for 12 years.

"We were involved in it all the way," said Donald Valverde, a Pan Am partner. "We did sign some notes with them. It was a good thing for us and for the tribe."

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(Indicate page, name of newspaper, city and state.)

THE MIAMI HERALD
MIAMI, FL "FLORIDA EDITION"Date: 5/30/83 P1&12A
Edition:

Title: SEMINOLE BINGO

Character:

or

Classification:

Submitting Office: TAMPA

Tribe profits go politicking

Second of a series.

By FRED STRASSER
And JOHN MacCORMACK
Herald Staff Writers

Six years ago, the Seminole Indian Tribe depended on handouts from politicians. Now, transformed by a potent commerce of cigars and bingo, the Seminoles hand out the favors.

Drawing from a hidden lobbying fund, the tribe has become the biggest corporate political contributor in Florida — well ahead of runner-up Winn Dixie, long a power broker in the state.

The Seminoles: Cashing in on Sovereignty

The tribe has also poured tens of thousands of dollars into national political campaigns, contributions funneled through the checkbooks of individual Indians by the tribe's non-Indian lawyer.

Lobbyists Jack Skelding and Barry Horenbein, whose other clients include Miller Brewing Co. and Honeywell, keep watch over the tribe's interests in Tallahassee.

Their annual retainer: \$192,000.

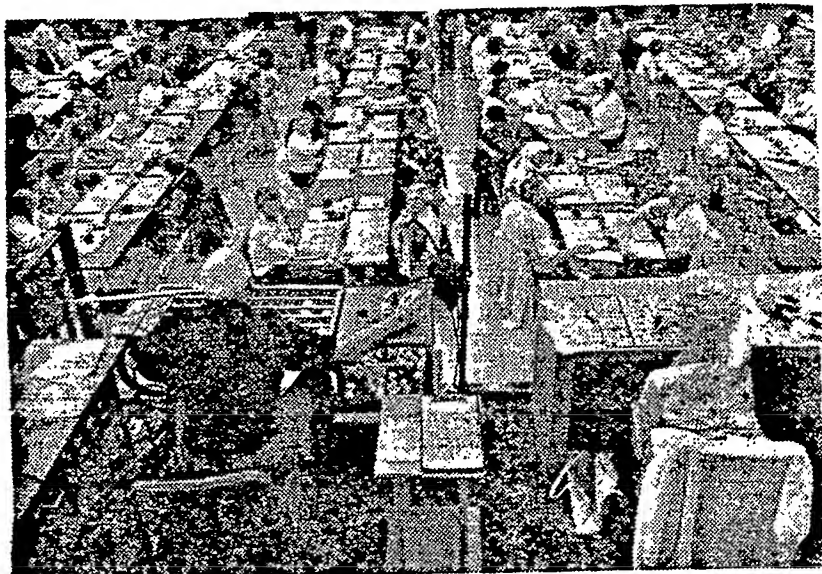
"We're no different from any corporation," said tribal Chairman James Billie. "It could be Coca Cola protecting their interests on the state level, on the Washington level or in Russia or wherever they are."

The peculiar economy of cigars and bingo has created a tiny class of Seminole sheiks who hunt big game in Alaska and vacation in Paris, then return to sift through offers from white entrepreneurs struck with the profit potential of Indian land.

The richest of the new rich is former tribal Chairman Howard Tommie, who has interests in two smoke shops and the Hollywood bingo hall.

Tommie, who earned \$200 a week when elected chairman in 1971, now draws \$25,000 a month

Please turn to SEMINOLES / 12A



Bingo players go for high stakes at Seminole hall

Seminoles' profits pack political muscle

SEMINOLES / From 1A

Income soars

Campaign clout

from his businesses while his partners do the work.

He vacations in Monte Carlo, charters Lear jets for cross-country trips and has helped sponsor international racing teams, including the winner of the 1980 24 Hours of Le Mans in France.

"We're a strong nation," Tommie said. "We don't have to cater to anyone any more."

Even a Seminole living in the lowliest chickee on an outlying reservation can bank on \$100 monthly as his share of the tribal income — a total outlay of \$1.8 million a year to the 1,500 Indians.

The federal grant pump, primed and set flowing by Tommie in the 1970s, brought housing, better education, water systems and electricity to the tribe's poorer members.

By using federal money for the necessities, bingo and cigaret money was available for gymnasiums in Big Cypress and Brighton, a half-million-dollar police force and a planned multipurpose center in Hollywood.

"It has brought an awful lot of self-esteem to the tribe and tribal members," said Michael Tiger, an executive officer with the Division of Indian Health Services.

The Seminoles' first cigaret shops opened in 1977. Bingo followed on the Hollywood reservation in 1979, with the tribe adding halls in Brighton and Tampa.

Both the bingo halls and cigaret shops exist solely because of the peculiar rights granted Indians by state and federal law.

Even experts don't know how far Indian sovereignty extends, but other tribes now rely on the Seminole's federal court victory over Broward County authorities, who tried to block the opening of Hollywood bingo.

As long as Indian ventures do not violate criminal laws, state regulations must give way to tribal authority, the courts have ruled. The result has been a windfall for the Florida tribe.

Near-equal profits from bingo and cigarettes bring the Seminoles \$5 million a year. With additional profit from land leases, tourism and farming, the tribe's income — excluding federal grants — has increased from \$1 million in 1979 to \$8 million.

The Seminole Tribe depended on federal and state aid for more than 60 per cent of its income in 1977. Now government aid accounts for less than 20 per cent.

"Ten years ago, we wrestled alligators, made a few dolls and sang songs for the tourists," said Max Osceola, former Seminole superintendent for the federal Bureau of Indian Affairs. "We've come from the wheel age to the jet age in 10 years."

A century ago, the Seminoles faced extinction. Fewer than 300 survived the federal government's campaign to rid the state of Indians. The rest had been killed or deported to Oklahoma.

The Indians, who once controlled vast areas in Central Florida, fled deep into the Everglades. Now, the scattered tribe's wealth and political savvy have inspired an expansionist mood.

Under Billie, the tribe has added small reservations in Immokalee and Tampa, and prospected for additional real estate in Fort Pierce, Broward, Tallahassee and Pensacola.

But the Tampa land grab infuriated government officials, who say it may jeopardize future Seminole expansion.

The tribe sought the nine acres in Hillsborough County for a sacred shrine and cultural center. After getting federal approval, the tribe also threw up a 1,400-seat bingo hall and a cigaret shop.

State and Tampa officials, claiming a double-cross, are suing to dissolve the new reservation. Billie says the Indians are just playing the white man's game.

"The U.S. did not survive because it kissed people's asses," said Billie, who hops between outlying reservations in his own Cessna. "I, as a small nation, offended a few people."

"James Billie doesn't have two million Seminole Indians out there for political pull. I have 1,500. I'll play my cards the best way I can."

"I'd rather pay someone \$100,000 a year to take care of my political situations off the reservation than lose \$8 million," said Billie.

Last year, the Seminole Tribe led Florida in corporate donations, giving \$48,300 to candidates for state offices — nearly triple its 1980 contributions.

The tribe spreads its money around: \$24,550 to 42 House candidates, \$18,250 to 17 Senate candidates and \$5,500 to three candidates for Cabinet posts in 1982.

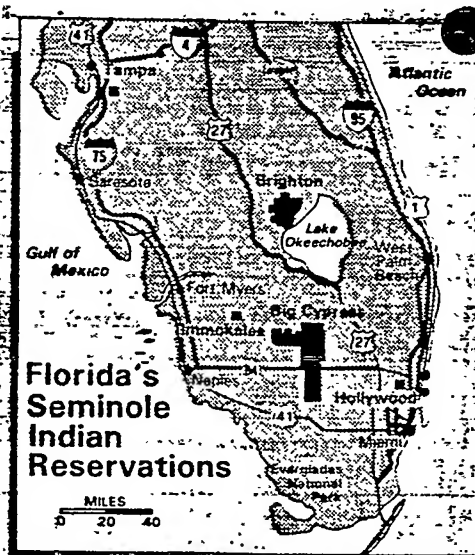
Ralph Haben, former House speaker and a close friend of tribal lobbyist Skelding, received \$3,000 from the tribe during his unsuccessful campaign for comptroller last year. Skelding also contributed \$3,000 — on the same day individual tribal members gave another \$4,500.

The Seminoles and their friends also have been generous on the national level to



CHARLIE TRAINOR JR. / Miami Herald Staff

Max Osceola: 'From the wheel age to the jet age.'



both political parties. Chairman Billie, whose present salary is \$52,000 a year, donated \$29,000 in 1980, including \$20,000 to the Democratic National Committee.

Stephen Whilden, then earning \$35,000 as the tribe's attorney, contributed \$13,700 in the same election.

Federal Election Commission records show large contributions by other Seminoles. Some say they did not give their own money.

The money came from a hidden tribal account known on the reservation as the "nickel fund." The tribe maintains the fund by taking a nickel for each carton of cigarettes sold on the reservation.

The nickel levy is in addition to the 8 percent tribal cigaret tax. Controlled by the tribal chairman, the fund does not appear in tribal budgets. Last year, sales of six million cartons added about \$300,000 to the fund.

The nickel tax was set up in the late 1970s by Tommie to counter litigation threatening the first Indian smoke shops. Their legal status was soon resolved, and according to Tommie, the fund's purpose has since been perverted.

Laundering money

"We were collecting a nickel fund when it was needed, but Steve Whilden and James Billie used it for all kinds of purposes, loans to tribal members and political contributions," Tommie said.

"They made me write checks and other people write checks and then they put the money back into our accounts. The nickel fund was never meant to do that. There's no litigation now. We have no need for it," he said.

Other Seminoles say their personal checkbooks were used to launder tribal funds, among them Marcellus Osceola, a smoke-shop owner and tribal councilman.

"Steve would say, 'Why don't you write a check out.' I think they did it because the people that were accepting the money could only accept so much from certain corporations."

"I donated to Sen. Kennedy and a couple of other individuals," he said. "Me, my wife, my dad, my mom and a couple of

friends. We gave about \$7,000, and then we gave it back to us."

Federal election law prohibits corporations from making contributions on the federal level and limits individual contributors to \$1,000 per candidate.

The law also forbids anyone or any type of organization from contributing money under another person's name or allowing his name to be used by someone else.

Billie freely acknowledged the reimbursements.

"I guess it's a common thing among the non-Indians all over the U.S.," he said.

He left all political tactics to tribal attorney Whilden, he said.

"Steve Whilden was the person who had worked in the State Department. The Seminole Tribe was just a very beginner. I told Steve Whilden 'we want to be part of the big leagues.' I want to know how everything works. I want to know all the tricks and he knew them," Billie said.

Hazy recollection

Whilden, who was fired from his post last May, said he did not recall why the tribe concealed its federal contributions.

"I'm not sure it was ever necessary," he said. "There must have been some reason at the time. I don't remember what it was. It seems the tribe could have operated on the federal level the same as it did on the state level."

Whilden said that because Indian tribes

were governments, he did not believe federal election law applied to them.

"I'd be prepared to litigate that," he added.

Craig Donsanto, director of the election crimes branch of the U.S. Justice Department, confirmed that federal election law did not mention Indian tribes.

"I don't know whether a government can donate or not. It doesn't happen," he said.

However, he said that even if the source of campaign donations was lawful, they cannot be laundered through a "straw man" under any circumstances.

The source also would be limited to \$1,000 per candidate, which the Seminoles exceeded in their 1979 donations to Sen. Edward Kennedy (D., Mass.).

"You've certainly got a very interesting set of facts," he said. "The guy who set this up certainly knows what he's doing."

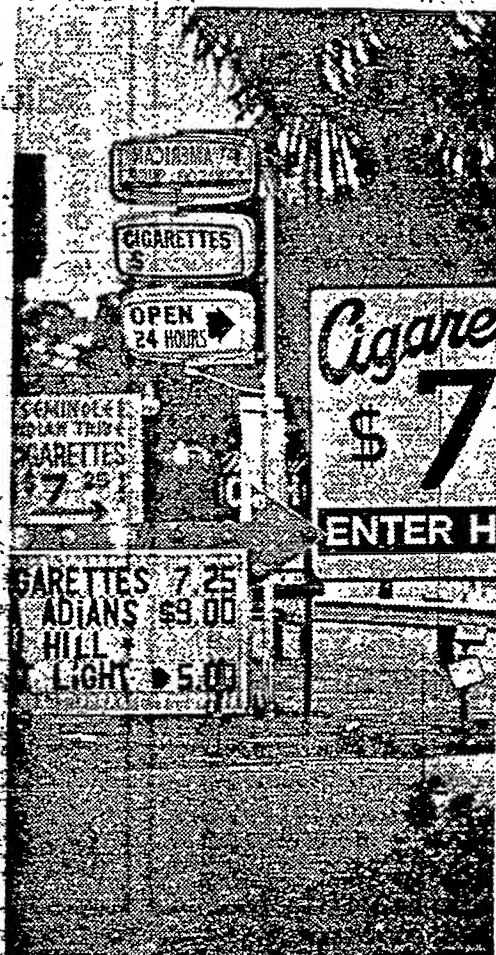
Jim Shore, a Seminole who replaced Whilden as the tribe's attorney, said, "Since I became general counsel last June, every contribution is made in the name of the Seminole Tribe. There is no reimbursement."

Whatever the fallout, the Seminole rank and file gave Billie and his aggressive policies an overwhelming vote of confidence earlier this month, reelecting him to a four-year term with 60 per cent of the vote in a four-man race.

Billie promises to pursue projects that will expand the tribe's wealth and influence. If casino gambling is approved anywhere in Florida, Billie says, Indian casinos — the eternal nightmare of law enforcement — will not be far behind.

"There might be some political harassment, but I'm no damn fool," he said. "If the laws change, I'll be the first one to do it."

TOMORROW: Cenvill's secret \$14-million plan to turn Oak Ridge Country Club into an Indian reservation.



PETE CROSS / Miami Herald Staff

Signs beckon customers at Seminole cigaret shops in Hollywood.

The Seminoles: Cashing in on Sovereignty

Lawyer taught Seminoles to play political hardball

By JOHN MacCORMACK
And FRED STRASSER
Herald Staff Writers

Stephen H. Whilden left Washington in 1977, a midlevel U.S. State Department official fed up with confronting the bureaucracy. "Really, I wanted my own shop," he said.

He found it — through an ad in the Florida Bar Journal — at the Hollywood offices of the Seminole tribe. It was a shop like few others.

Where else, after all, could the ex-Foreign Service officer, then 37, have become the general counsel to a nation?

Whilden, thousands of dollars behind in child-support payments, was hired at \$35,000 a year under a Catholic Services Bureau grant.

"He had an old, beat-up car, threadbare clothes, holes in his shoes — the whole poor attorney bit," said Fred Wessells, the U.S. Bureau of Indian Affairs superintendent for the Seminole reservation.

He arrived with the first stirrings of the tribe's economic boom and soon began crafting what amounted to a foreign policy, working closely with Seminole Tribal Chairman James Billie.

"Steve created policy," said former tribal Administrator Michael Tiger. "Billie told him to run with the ball."

It was an odd but effective pairing: a burly, hard-talking alligator wrestler and an urbane, cerebral Washington lawyer. Billie and Whilden shared only Vietnam War experiences and a determination to exploit the tribe's separate-nation status.

"The Indians can sit up there on the moral high ground and stay poor," Whilden said. "But if they want their fair share, they have to learn to use the modern tactical methods. They have to get into politics."

So he showed them where the game is played — in Washington and Tallahassee — and how it is played — just inside the rules.

"I always advocate the most extreme Indian position; then I can back off," Whilden said.

Today, a year after Whilden lost his job in a tribal power struggle, even his harshest foes mix disdain for the "White Chief" with a grudging gratitude.

"Whilden was a snake, but he was good as an instrument," said Marcellus Osceola, the tribal councilman who engineered Whilden's firing. "He tried to get the tribe to move. He served his purpose."

Whilden's political credentials and savvy impressed the Indians as much as his knowledge of law. He had worked in the Office of Man-

agement and Budget, served as a White House liaison in the final days of the Nixon Administration and spent two diplomatic tours in Vietnam.

Most taken was Billie, who became tribal chairman in 1979.

"I had to have that spear that penetrates situations and makes things work," said Billie. "That was Steve."

"It was almost like mental telepathy, we think so close. I worked with him day and night. It was almost like sleeping with him."

Whilden was a fierce advocate. He renegotiated unfavorable leases and contracts. He demanded compensation for land taken by the state and beat back an IRS attempt to tax tribal income. He explored development plans ranging from alligator farms to a landfill.

He used his diplomatic skills to lead the tribe's drive for new land.

"Part of my training from the Foreign Service," he said, smiling, "is to tell people only what they need to know."

In arranging land deals for the Seminoles, Whilden made public representations that didn't always tell the entire story.

● In November 1981, Whilden negotiated with state and local officials to have the Oak Ridge Country Club near Fort Lauderdale put under the tribe's control to provide



PETE CROSS / Miami Herald Staff

Stephen H. Whilden: Former general counsel to the Seminole nation.

"new housing for Seminoles."

In fact, the 1,500-member tribe was attempting to swing a \$15-million deal with Century Village developers to build 7,000 condo units on the golf course in defiance of county planning regulations.

● In March 1982, Whilden sought 800 acres for a new reservation in Fort Pierce, assuring St. Lucie County officials the land would never be used for smoke shops or bingo.

But in a letter written a month

before, Whilden was already negotiating a 99-year lease with a private investor to build "a dog track, golf course and a mobile home park" on the same land.

● When Indian bones were discovered in downtown Tampa, he sought a new reservation for a sacred Seminole shrine. Once approval was granted, up went the shrine, a tax-free cigaret shop, and finally a bingo hall. Whilden says key officials in Tampa and Washington were told of the plans, but officials

say the Seminoles disguised their intentions for the land.

Whilden denies misrepresenting the tribe's land-development plans.

"If we say we need [the land] for A and B, and later on we do A, B, C and D, it's shrewd negotiating," he said.

Whilden ultimately lost his post as tribal counsel. On a 3-2 tribal council vote last year and over Chairman Billie's objections, Whilden was fired.

"I fired Steve because I wanted an Indian to run the reservation," Osceola said.

Today, Whilden has become the nation's foremost impresario of Indian bingo, using the same political strategy as a bingo manager he used for the Seminoles.

In the last six months of 1982, Whilden plowed \$26,500 into national politics — including \$5,000 to the Democratic National Committee and \$20,000 to the Republican National Committee. James Clare, his partner in his Pan American Management Co., made contributions of \$11,000 throughout the year, including \$5,000 to the Republican Party of Florida.

On Nov. 22, 1982, just before Pan Am disclosed plans for a bingo hall near Tucson, an official of the Republican National Committee arranged for Whilden to see the attorney general of Arizona.

A Chronology

● June 1977 — Marcellus Osceola opens first tax-free cigaret shop on Hollywood reservation.

● Aug. 31, 1977 — Stephen Whilden hired as tribal counsel.

● May 14, 1979 — James Billie elected to first term as chairman.

● Dec. 14, 1979 — Seminoles open Hollywood bingo hall, hours after a federal judge rules that Broward sheriff's deputies cannot interfere with the game.

● March 22, 1982 — U.S. Supreme Court declines to review an appeals court ruling on Seminole vs. Butterworth that allows Indians to regulate their own bingo.

● April 8, 1982 — Tribe announces plans to build bingo hall on new Tampa reservation.

● May 14, 1982 — Stephen Whilden fired as tribal counsel.

● Oct. 8, 1982 — Pan American International Management Corp. incorporated in Texas.

● May 9, 1983 — James Billie re-elected tribal chairman.



Cars jam the parking lot at Seminole Bingo in Hollywood.

PETE CROSS / Miami Herald Staff

The Seminoles: Cashing in on Sovereignty

Bingo deal is derailed by rumors

By JOHN MacCORMACK
Herald Staff Writer

TUCSON, Ariz. — With 23 Indian tribes and a growing retirement population, Arizona is the hot spot of the Indian bingo scramble. It is



Tommie

also where rumors of organized crime ruined Howard Tommie's grand plans. Tommie, a partner in Seminole Management Associates, which operates the tribe's Hollywood bingo business, made a deal with the Papago tribe to build a 1,000-seat bingo hall on the outskirts of Tucson, Ariz. His backers were old friends, the Whittington brothers racing team of Fort Lauderdale.

"I put over seventy grand into the Papagos," Tommie complained. "We chartered Lear's for lawyers and accountants. I even brought five people back here, including two councilmen and the Bureau of Indian Affairs superintendent. It was going to be a first-class show."

In February, the Papagos backed out of the agreement that had taken two years to reach. Tommie is convinced he was sabotaged.

As negotiations went on, Arizona police were investigating rumors of organized-crime links to Pan American Management Co. and other bingo management groups. At the same time, Tommie's old Hollywood acquaintances were spreading them.

Published interviews

Stephen Whilden, hired by Tommie as tribal attorney in 1977, did the most damage in a January newspaper interview.

"He told the Arizona Star that the group that runs the bingo hall in Hollywood embarrassed the tribe," Tommie said. "So, he said, they got someone else to run the bingo hall in Tampa."

"It turned out to be him."

Other published information concerned Jack Cooper, a partner in Seminole Management Associates (SMA). Although he has no official title, Seminoles say he controls the operation.

Cooper, an associate of the late organized-crime financial adviser Meyer Lansky, was convicted of tax evasion in 1962 for not reporting the profits from gun sales to the Dominican Republic.

Lansky, Cooper and another SMA partner, George Simon, were stockholders in the Miami International Hotel in the early 1960s.

Cooper and Simon had been long-time partners in other ventures, and their involvement in Seminole cigaret and bingo businesses had aroused Broward County and Florida and Arizona state authorities.

As Tommie's troubles mounted, another old acquaintance helped contribute to his downfall, said Papago tribal attorney Dabney Altaffer.

Osley Saunooke, a Cherokee from Sarasota who knew Tommie through national Indian politics, had become a member in a rival management firm, RAAD Inc.

"He went out there with newspaper articles about organized crime and Seminole Bingo and threw them in the face of the Papago lawyers," said Tommie.

"He implied that the money behind it was organized crime," said Altaffer.

An alternative

Saunooke says he merely offered the Papagos an alternative.

"I said all you have to do is look at the newspaper articles. If you want an excuse or an out, there's plenty there," he said. "I didn't help him out any, but they had their mind made up already."

Larry Finkelstein, the Hollywood lawyer who represented Tommie in the initial Papago negotiations, later worked against his interests, Altaffer said.

Finkelstein proved hard to find during crucial stages of the negotiations, then reappeared working on a deal of his own or for someone else, Altaffer said.

Finkelstein, who represents several prominent Seminoles, denied any responsibility for Tommie's troubles.

The deal fell through because Tommie lacked adequate financial backing and moved too slowly to close the deal, he said.

The commotion scared off the Papagos. The bingo contract went to a Tucson liquor magnate.

"We didn't want anything to do with the Florida area," said Papago councilman John Narcho. "We thought the [organized crime] ties were there."

Tommie is still bitter. "I hired Saunooke when I was with United South and Eastern Tribes, I hired Whilden for the tribe, and I hired Finkelstein as my lawyer," he said.

All three say they did not intend to hurt Tommie. He takes a different view: "In simple terms, all three of them turned around and tried to screw me."

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Spreading bingo business brings tribes big bucks

But officials fear it's lure to crime.

First of a series.

By JOHN MACCORMACK
And FRED STRASSER
Herald Staff Writers

Bingo fanatics journey by the busload to the Cherokee Indian reservation in the Great Smoky Mountains of North Carolina, lured by \$1 million in cash prizes.

In Arizona, the Yaqui and Papago tribes soon will go head-to-head in giant bingo halls, and tribal leaders

growl that bingo-inspired Indian wars are in the offing.

On the outskirts of Minneapolis, a 1,250-seat hall on a tiny Sioux reservation draws hundreds of players from states throughout the Midwest.

Across the country, dozens of tribes covet the wealth and power Indian bingo has helped bring to its inventors: Florida's Seminoles.

By latest government count, 59 tribes have opened bingo halls and a dozen more are laying the groundwork, eager to reap profits made possible by federal court decisions that exempt Indian land from many

state and local gambling regulations.

Professional bingo management teams, many with direct ties to Seminole bingo in Florida, chase from reservation to reservation across the country, signing tribes to long-term contracts that guarantee the promoters nearly half the profits.

Even tiny Indian bands living in poverty on desert brushland are courted by waves of bingo promoters, drawn to the promise of high-stakes prizes.

Their intrusion has alarmed local

Please turn to BINGO/22A

Big bingo bucks stir reservations

BINGO / From 1A

and state authorities, who fear that organized crime will be lured to the prospect of unregulated cash. Unlike church-hall charity games, Indian bingo is not bound by state laws limiting payoffs or profits.

Instead of a \$100 jackpot, Seminole bingo offers as much as \$60,000. And instead of opening just two nights a week, the Seminole halls host games every day, nearly around the clock.

The financial impact has been enormous. Little more than three years after the tribe opened its first game in defiance of Broward County authorities, Seminole bingo halls in Hollywood, Tampa and Brighton gross more than \$20 million annually.

The 1,500-member tribe will bank \$2.7 million of that in profit this year.

For other tribes dependent on federal handouts, the promise is powerful enough to risk the backlash from local, state and federal authorities that already has begun.

"As long as we're on the reservation asking for charity, they say, 'Poor Indians, we've got to help them,'" said David Ramirez, chairman of the Yaqui tribe.

"But when we get on our own two feet and make money, everyone becomes resentful of the Indians. We're not supposed to be smart businessmen."

Once the contract is signed with a management firm, they don't have to be. Few Indians work in the Seminole bingo halls. The managers take care of everything.

They put up the buildings, run the games and concessions, hire personnel and keep the books. They also count the money — without tribal supervision.

In 1980, a federal grand jury in Fort Lauderdale tried to subpoena Seminole bingo hall records. Members of the federal Organized Crime Strike Force involved in the probe said profit-skimming was a specific concern, but without the financial records, nothing was resolved, no action taken.

The Seminoles admit they don't know what goes on inside the counting rooms.

"Believe me, skimming goes on at all levels of my tribe without me worrying about skimming at the bingo hall, too," said Chairman James Billie.

Jim Clare, a director of the firm that manages the Seminoles' Tampa bingo operation, says there is no need for concern. "We have the strongest control system in the business," he said. "Everything is traced. Everything is available for audit."

The Seminole split

Each Seminole management group keeps slightly under half the profit, with the other half going to the tribe — the customary split for the half-dozen largest bingo halls in the country.

The Seminole groups earn \$1 million a year each in Hollywood and in Tampa. That profit led each group to seek other client tribes.

The Seminoles' original management firm, Seminole Management Associates, has failed. Others, however, have done quite well.

The most successful is Pan American International Management Co. Its six directors include Stephen H. Whilden, former Seminole tribal attorney, and Ted Boyd, current tribal controller.

Pan Am manages bingo halls for the Mdewakanton Shakopee Sioux in Minnesota and the Pascua Pueblo Yaqui in Arizona.

A Pan Am limited partnership — not including Whilden and Boyd — runs the Seminole hall in Tampa, which opened last summer and will gross more than \$11 million this year.

Until a federal judge closed it down in February after two months of operation, the Whilden group also managed a 24-table blackjack casino on the Lummi Reservation in Bellingham, Wash.

Whilden, who recently announced plans to split off from Pan Am, says he has signed bingo contracts with three other tribes — which he will not identify — and is in serious negotiations with four more.

While Pan Am is the most visible, other management firms have direct connections to Seminole bingo.

Walter Justus, builder of the Willow Creek home development in Margate, has just opened a luxurious \$2-million bingo emporium on the Morongo reservation outside Los Angeles. Justus was steered to In-

dian bingo by Whilden and has hired two former Seminole bingo employees to manage his operation.

Michael Tiger, a former Seminole administrator, used a tribal loan to back Billy's Big Bucks Bingo Bonanza on the St. Regis Reservation in upstate New York.

Pete Baker, former Seminole police chief, has been hired to provide security for the Barona Indian bingo hall in San Diego.

Tribe rejected

The game even lured Stephen Whilden's older brother from corporate board rooms to the reservations. A former executive with Tootsie Roll and Campbell's Soup, Bill Whilden has formed his own management company and is negotiating with the Kickapoo Tribe in Kansas.

Since 1980, the Seminole Tribe itself has been trying to break into the business of bingo management. Despite mailing out 1,400 letters to leaders of all 263 recognized tribes in the country, the tribe has failed to find a bingo client.

Others have also come back empty-handed.

Joel Kline and Bernard Greenberg — both convicted swindlers who worked as consultants for a Seminole businessman — were turned down by the Sandia Pueblo tribe of New Mexico.

And former Seminole Chairman Howard Tommie has courted tribes from North Carolina to California, so far in vain.

"I don't see why a tribe would sign up with them," said Tom Tureen, a lawyer representing six New England tribes.

The Penobscots, one of Tureen's clients, operate their own 1,000-seat bingo hall in Old Town, Maine. His advice to other client tribes approached by Pan Am and other management firms: Turn them down.

"They [the management firms] want an awful big chunk, and bingo is a simple enough game so that almost any Indian tribe can do it."

A small-stakes game favored by charities as a fund-raiser, bingo is wondrously transformed when transplanted to an Indian reservation.

Florida allows charitable groups to run bingo games only two nights a week and restricts their jackpots to \$100. For non-charitable games, the same restrictions apply, and the sponsor must return all of the gate to the players as prizes.

Seminoles offer a far more exciting version.

High overhead

Their Tampa and Hollywood bingo halls are cavernous warehouses, each seating about 1,300 — nearly large enough to hold the entire tribe.

Matinees start after lunch. Night-owl sessions start at 10:45 p.m. and last until midnight.

Seven days a week, fans charter buses from around the state and pay an average of \$30 each for a shot at the big jackpots.

The Seminole deliver. Their halls return 60 per cent of the money played. Regular game payouts go from \$250 to \$1,000. Special games offer Cadillacs, trips to Las Vegas and \$60,000 jackpots.

But few tribes have the expertise to run a big game or the \$1 million it takes to outfit a 1,000-seat hall.

When it comes to getting construction loans from banks, the limited sovereignty that allows Indian bingo parlors to escape state and local regulations cuts the other way: Indian tribes are immune from suit and foreclosure.

Banks demand 100 per cent outside collateral for projects on Indian land. Often, non-Indian partners are the only available source of financing.

That makes outside managers indispensable to most tribes, but their appearance on so many reservations has alarmed and puzzled local authorities, who have patched together an informal bingo intelligence network.

Many of their inquiries have come to Lt. Michael Fufidio, bingo expert for the Broward Sheriff's Office, which fought — and lost — the first battle to stop Indian bingo.

"It's a dead issue as far as I'm concerned," he said. "When they call us from all over the country, I tell them, 'Forget it,

they beat us in court.'"

Links to felons

Still, police curiosity is fed by the presence in certain bingo operations of convicted felons like Michael Frechette and Allen Arbogast, both principals of New England Entertainment.

The pair was active in setting up a bingo hall for the Mdewakanton Sioux in Minnesota. Pan Am hired them to set up a blackjack casino on the Lummi Reservation in Bellingham, Wash.

Frechette, a former Medford, Mass., policeman, was sentenced to a year in prison in March 1981 on a 45-count conviction of forgery and conspiracy to defraud the government.

Arbogast has felony convictions for receiving stolen property and forging a government check.

Federal authorities acknowledged the two men's involvement as a factor in the decision to close the Lummi blackjack casino after two months of operation.

In Hillsborough County, where the Seminole operate their Tampa hall, the sheriff's intelligence unit has describe Indian bingo as an organized-crime problem. Investigators speculate that the Indians, who have acquired 38 acres in western Hillsborough, intend to open a casino if gambling is ever approved in a state referendum.

In Arizona, news reports of possible organized-crime involvement prompted Attorney General Bob Corbin to push for state legislation to control Indian bingo.

He proposed felony prosecution of non-Indians who managed games that did not comply with state law. The bill also would have made it a felony for state residents to play Indian bingo.

Honorary Indians

The Yaquis, whose Pan Am-built hall offers the only high-stakes bingo in Arizona, countered with a threat to shield customers by making them honorary Indians whenever they came to play bingo.

Corbin's proposal passed the state House, then died in a Senate committee after meeting a strenuous Yaqui lobbying effort coached by Whilden.

"We have a real problem," Corbin said. "Arizona has 23 Indian tribes, and about six different companies have hit every tribe in the state. Even if these guys are perfectly clean, sooner or later organized crime will try to get in and take over. I want to be ready for them."

Yaqui Chairman David Ramirez countered: "The attorney general has enough to do without worrying about bingo. It's a federal matter."

Indeed, it is the federal government that poses the greatest threat to Indian gambling. In March, the U.S. Justice Department proposed legislation forcing Indian tribes to comply with state gambling laws.

"There are no regulations on Indian reservations and with the opportunities for organized crime to launder and skim money, it is hard to keep them out," said Justice Department Attorney Cary Copeland, who drafted the bill. "At least we don't want to invite them in."

The proposal would have removed the Indians' right to offer huge jackpots, effectively putting the Seminole and their imitators out of business.

It was withdrawn at the request of Interior Secretary James Watt, who sees Indian bingo as consistent with President Reagan's policy of tribal self-sufficiency.

It's up to Congress

Despite that decision, the days of unfettered Indian bingo are numbered, said Watt spokesman Carl Shaw. A Bureau of Indian Affairs task force has been instructed to reach a compromise with the Justice Department.

"We've got to be realistic about support from politicians," Shaw said. "There's 1.4 million Indians in the country and that's not a lot of political power."

"Really, it boils down to Congress giving and Congress taketh away. That's why, as trustees for Indians, we have to step in and bring some reason to all this."

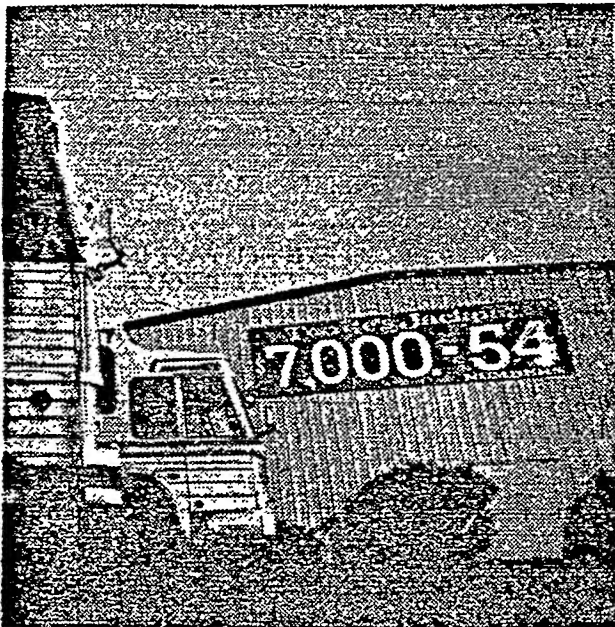
No matter what attempts are made at the state or federal level, the Indians will not give up their special status without a struggle.

To counter the rising threat, members of 46 tribes attending a Las Vegas seminar on Indian gambling in late March launched a national coalition to hire lobbyists to defend the Indians' rights to run the games as they choose. Since then, more than a dozen tribes have signed up.

"The sovereignty of the tribe and the ability to regulate itself are at stake," said Roy Sampsel, a Choctaw and Wyndott Indian and former Bureau of Indian Affairs administrator.

"The crisis is upon us," he said. "I'm convinced this wouldn't be an issue if the Indian tribes were not making money."

TOMORROW: The tribes' new economies, from Seminole sheiks to political clout.



PETE CROSS / Miami Herald Staff

A \$7,000 jackpot draws busloads to the Seminole bingo hall.

Sovereign Seminoles: Transforming America's Tribes

Major findings of a Herald investigation of the burgeoning Indian bingo industry:

- Fifty-nine of the nation's 263 recognized tribes have entered the bingo business. A dozen more are about to follow suit.

- Many tribes, reliant on shrinking federal grants, have seized upon bingo as a means to financial independence. The Seminoles alone earn \$2.7 million annually from their three halls in Florida.

- The biggest Indian bingo operations are managed by non-Indians for almost half the profits.

- Fueled by their bingo and cigaret revenue, the Seminoles have become the largest corporate donors in Florida politics.

- A handful of Seminole leaders and their advisers have become extremely wealthy from bingo and cigaret proceeds.

Sovereign Seminoles: Transforming America's Tribes

Armed guards sent in during one contract drive

When tribal officials rejected bingo plan, businessman courted the dissident faction.

By FRED STRASSER
Herald Staff Writer

HIGHLAND, Calif. — Last Jan. 17, three off-duty Los Angeles police officers rolled onto the San Manuel Indian reservation in San Bernardino County, Calif., armed with M-16 rifles.

Their objective, in the view of one federal official, was to frighten the small Indian band into signing a contract with Pan American, the nation's leading bingo management firm.

An hour from downtown Los Angeles, the San Manuel reservation is a prime site for a bingo hall. To get the contract, Pan Am's Stephen Whilden, former tribal attorney for South Florida's Seminoles, went to great effort:

- After the tribal government rejected Pan Am's proposal, he offered in writing to help a dissident faction in exchange for a bingo contract if it gained power.

- Then, to assist the dissidents, he hired the national law firm of Manatt, Phelps, Rothenberg and Tunney. The lawyers pressed the federal Bureau of Indian Affairs (BIA) to investigate the conduct of

tribal officials and force a new tribal election.

- At Whilden's direction, the lawyers sent armed guards to the reservation. Their patrols fulfilled his written promise to "provide assistance for the safety" of the faction.

Despite these measures, the tribal government remains in place. Pan Am failed to land the bingo contract.

"My feeling is this was an attempt at intimidation to get them to sign an agreement," said Jerry Tomhave, BIA superintendent. "Those people have lived there all their lives and never needed security before."

He dismissed the allegations of fraud against tribal leaders that Mannatt, Phelps raised in letters to the BIA as "everyday, ordinary lawyer talk."

"What they wanted the BIA to do was force an election, hoping that the group sympathetic to Pan Am would win and enter a management agreement for bingo."

According to Christine Hernandez, chairman of the tribe's business committee and sister of the tribal chairman, Whilden

sought to exploit long-standing feuds among the tribe's members, only 14 of whom live on the mountainous, mile-square reservation.

Hernandez believes the guards were sent to provoke a confrontation.

"They would park up here, especially around my house and watch who was coming and going. We told everyone, 'Don't start anything. It will make it better for them,'" she said.

However, no physical clashes between Indians and guards were reported.

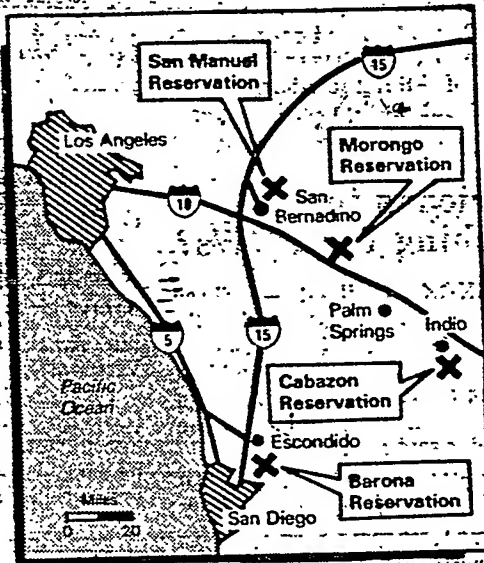
Carla Prieto, 29, a member of the dissident faction, circulated Whilden's offer among tribal members. She welcomed the guards' presence.

"It was just for the benefit of my family and the children," she said. "I have been threatened because I always ask questions and they don't like that."

"I can't see the risk in anything to do with bingo at all . . . I can't say if the idea [for the guards] came from me or Pan Am. I just can't say."

Security guards withdrew from the reservation in mid-April. All Professional Services Ltd., the first security company called in, will not comment. It has sued Pan Am to collect \$20,000 for its services.

A second company, Golden West Security and Patrol, says its guards, who carried sidearms but not rifles, were instructed to



JERE WARREN/Miami Herald Staff

ers exceeded their instructions. He said his reason for hiring the law firm was to expedite an overdue election to be certain that a bingo contract with tribal officials would be legal.

"Whoever won, there would be no question as to whether they were legally empowered to sign a contract," Whilden said.

While he denied he intended to intimidate the Indians, Whilden acknowledged hiring lawyers for the dissidents and sending guards to protect them. But on May 3, after his efforts to win the bingo contract failed, he apologized in writing to the tribal chairman.

He enclosed a letter addressed to Mannatt, Phelps, accusing the firm of "unauthorized, excessive, and ham-handed tactics [that] only exacerbated the tension and worsened the chances for tribal members to resolve their differences peacefully . . ."

The firm did not receive a copy of the letter, said Steve Goldberg, the Mannatt, Phelps attorney who worked on the case.

"Whilden asked us to get a security service," he said. "The use of the armed people was simply to protect him and others. No one requested intimidation. That's for sure," he said.

"Any claim of excess on our part is puzzling," Goldberg said. "Whilden is desperately trying to cover up and defend himself."

protect the dissidents and their homes. Golden West claims its bill for \$26,000 has also gone unpaid.

The law firm, whose partners include former U.S. Sen. John Tunney and Democratic National Chairman Charles Manatt, is also suing Pan Am for \$12,000 in legal fees.

Whilden says that he was overcharged by Professional Services and that the law-



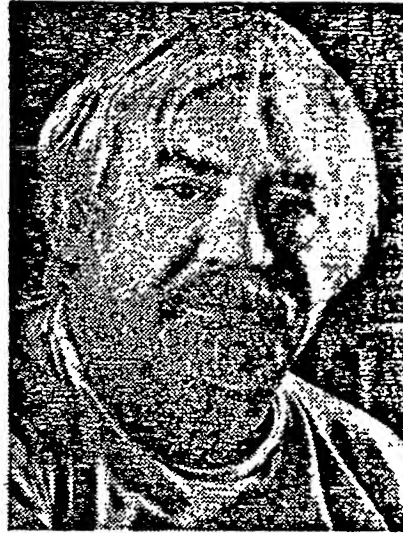
JOHN MCCORMACK / Miami Herald

Yaqui Chairman David Ramirez: Resents anti-bingo uproar.

Sovereign Seminoles: Transforming America's Tribes



Linda Streeter: Her brother was shot to death.



John Philip Nichols

Tribe's vision of empire
died in bankruptcy court

By FRED STRASSER
Herald Staff Writer

INDIO, Calif. — When John Philip Nichols came to his corner of the Cabazon Reservation in 1978, it was nothing more than a patch of Southern California scrubland without water, electricity — or Indians.

The 22 Cabazons — 16 adults and six children who make up one of California's smallest Indian tribes — had found the 200 acres beside Interstate 10 unfit for habitation.

Most had moved to town. A few scattered to other pockets of the 1,700 acres of reservation President Ulysses S. Grant set aside for the tribe in 1876.

But where others saw worthless desert, Nichols saw the boundless opportunity of sovereign land. He offered the tiny tribe a grand vision of an independent financial empire.

The intrigued Cabazons quickly signed Nichols, a self-described "international social worker" from Sarasota, as their financial adviser.

The next five years brought a series of explosive confrontations with the law over tax-free cigarettes and liquor, and then over the Cabazon Indian Casino, a cardroom run and financed by organized-crime figures.

Today, Nichols' empire has become to some Indians an ominous symbol of the dangers of hiring outside management to run gambling operations on reservations.

State authorities in 1980 closed the tax-free, mail-order cigaret business and the tribe's tax-free liquor shop. The casino, a cardroom for poker, pan and lowball, has been operating under protection of the federal bankruptcy court since December 1981.

To the businesses have brought members of the tribe \$650 each, free private health insurance and jobs.

"The question is where did all the money go," said Lawrence McHenry, a U.S. Interior Department lawyer.

Despite the failed attempts, Nichols still holds the financial adviser's title. His wife and sons hold other well-paid positions with the Cabazon tribal government.

And he remains adamant that his methods will yet bring the tribe all that he promised — and more.

His latest enterprise is the same high-stakes bingo played on five dozen other reservations, but more exotic plans for the reservation include toxic-waste processing and a weapons-components factory.

They barrowed their way in from a little management agreement on cigarettes to total control of the tribe," says Linda Streeter, one of six Cabazons opposing Nichols and his 10 Indian allies.

"They tell them what to do, how to do it and when. They have successfully divided a group of people because some of them still believe someday they will be very wealthy."

Streeter is particularly bitter. Her brother, Fred Alvarez, was murdered in 1981. He and two non-Indian friends were found dead in his back yard, each shot once behind the ear.

Alvarez, the Cabazon security chief, believed that money was being skimmed from the tribe's casino and had made an appointment to see a lawyer shortly before his death, she said.

The tribe quickly denied that the murders had any link to the casino. "Fred was a biker type. He was into a lot of things," Nichols said.

But the murder of Alvarez — still unsolved — intensified authorities' attention on the tribe's gambling house, which opened in October 1980.

In California, poker rooms are legal if approved by a local jurisdiction. The tribe passed an ordinance setting up the operation, spent \$265,000 in cigaret income to re-

model the old cigaret warehouse and hired Nichols' son, John Paul, as the casino's "project manager" at \$40,000 a year.

To provide expertise in casino operations, Nichols hired another manager, also at \$40,000 (plus 10 per cent of the profits): Rocco Zangari.

According to his deposition in the bankruptcy case, Zangari is a veteran of Las Vegas cardrooms. Although his record shows no convictions, the California Department of Justice has identified Zangari as a onetime mob enforcer and former associate of the Stefano Magaddino crime family of Buffalo, N.Y.

Zangari's involvement drew the attention of law enforcement authorities. So did frequent visits to the casino by Thomas Marson, a close associate of major organized-crime figures who spent five years in federal prison on a counterfeiting conviction in 1950.



Welmas

In July 1978, Marson again was sentenced to prison for a year after pleading guilty to bankruptcy fraud — the systematic skimming of box-office and concession receipts that led to the collapse of the Westchester Premier Theater in Tarrytown, N.Y.

In fact, Marson was more than a visitor on the Cabazon reservation. In November 1980 his wife, Roberta, loaned \$50,000 to John Paul Nichols to help finance the casino in a deal arranged by Zangari.

Zangari was fired Nov. 5, and Nichols now claims in court papers that he skimmed up to \$250,000 from the operation, putting it in bankruptcy. In a cross-claim against the tribe, Zangari charged that John Nichols did the skimming. That claim was dismissed, but other suits and legal challenges to the casino continue, with both the state and federal government seeking back taxes.

Such combat is not cheap. The tribe's legal bill for 1981 alone came to \$88,562.

Still, Nichols retains the support of the tribe's majority — all of whom work in the casino, bingo hall and the tribal skeet-shooting range.

"What have we lost?" asked Art Welmas, a former barber who brought Nichols to the tribe when he was elected chairman.

"Before Nichols we had no water, no nothing here," he said, waving across the dusty parking lot between the casino, the Cabazon Bingo Palace and the Cabazon postal substation. "Now we have this. He must be doing something."

Nichols, 58, who calls himself a "free spirit" and radical beyond the comprehension of bureaucrats, dismisses his critics as shortsighted.

"They think in terms of cash, not assets," he said. "There are \$1.5 million of buildings on this reservation now that no one can take away from the tribe."

In the office that his family corporation, O.D. Enterprises, shares with the tribe in downtown Indio, Nichols outlined his latest ventures.

Key to his plans is a series of joint-ventures with the Coral Gables-based Wackenhut Corp., one of the world's biggest investigative and security firms.

They include:

- Cabazon Indian Security Corporation-Wackenhut Services Inc., a security guard company set up to bid for government contracts set aside for minority groups.

- Cabazon Arms Inc., headed by Indio resident John Zokosky, the former president of Armtech Inc., the nation's only manufacturer of combustible tank cartridges. Nichols and Wackenhut have submitted an unsolicited proposal to the Defense Department to start a similar plant on the reservation to make shells casings for the new M1 battle tank.

- A hazardous-waste treatment plant. Waste would be burned and the ash buried on a remote section of the reservation 15 miles from Indio.

"You can do it there without the problem of your good local citizens coming up against it," said A. Robert Frye, president of Wackenhut Services Inc. "Wackenhut lends the

stability of a large organization; the Indians have the land."

The project would still require approval by the U.S. Environmental Protection Agency and possibly the state.

Frye said Nichols' background was checked by Wackenhut, whose board includes the past directors of the FBI, CIA, Secret Service and Defense Intelligence Agency.

"John is probably one of the truly unique people in the world in terms of ideas," Frye said. "He is obviously a controversial individual. But we have no problem dealing with him as director of administration for the Cabazon tribe."

Nichols isn't surprised that others sometimes do.

"I come from another world," he said. "They cannot understand my world."

Nichols spent 17 years in South America running his own consulting company, Pro Plan. In 1973, he moved it to Sarasota, where he taught social workers and community groups how to write proposals seeking state and federal grants.

"His major failing is filling the gap between theory and practice," said Frank Greenberg, a Tampa social worker who spent seven months working for Nichols. "John's plans were generally of such a scope and his manner so convincing that when they went bust, it made one hell of a big noise."

"People felt he was an entrepreneur out for himself, or a dynamic, helpful activist," he said. "The truth is, he was a take-charge type who loved control and whose mouth moved faster than his mind."

Lauderdale man,
Indian intended
to share revenues
of 'trading post.'

Odd deal spawned bingo hall

By FRED STRASSER
Herald Staff Writer

BANNING, Calif. — One by one, bingo promoters from Las Vegas and Atlantic City arrived at the Morongo Indian reservation in big black cars. One by one, Tom Lyons turned them away.

Lyons, postal worker and tribal chief, rejected a dozen offers in the past two years to build a bingo hall on the tribe's land in the San Bernardino Mountains.

He was waiting — for the right offer and for a federal court ruling in California that duplicated a ruling granting Florida's Seminole tribe the right to operate bingo operations outside state and local controls.

But waiting didn't suit Fort Lauderdale millionaire Walter G. Justus, 44-year-old builder of the Willow Creek subdivision in Margate and a real estate man with operations based in Indianapolis.

Justus didn't go to Lyons. Former Seminole tribe attorney Stephen Whilden introduced him last year to Clive (Sonny) Miller, 42, a Morongo known in the surrounding desert for raising pit bull fighting dogs.

A special deal

Miller and Justus struck a unique deal. They planned the only bingo hall in the country where the profit would be split between just two people.

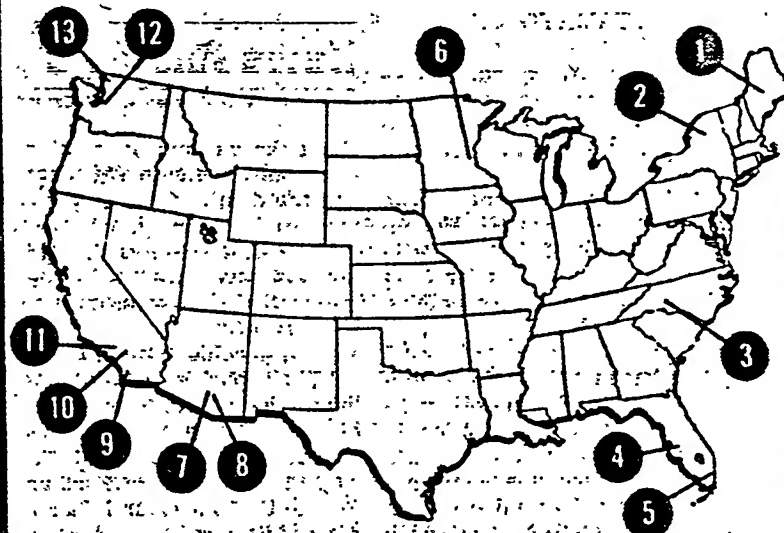
Justice agreed to build it on Miller's property on the reservation. The highway location 20 minutes from suburban Los Angeles held enormous promise.

Says Justus: "I didn't know exactly who I was getting in bed with at that time. It didn't matter, really. We were going to control it."

Says Miller: "The first 35 years of my life I was unproductive. A negative person. I've changed a lot."

The tribal council knew nothing of their plan until September 1982, when Miller asked its approval to

Major bingo operations on Indian reservations



1. MAINE In Old Town, the Penobscots offer regular prizes of \$5,000 in a 1,000-seat bingo hall run without outside management.

2. NEW YORK Billy's Big Bucks Bingo Bonanza opened last year on the St. Regis reservation in upstate New York, backed by former Seminole administrator Michael Tiger.

3. NORTH CAROLINA The Cherokees offer the biggest bingo prizes. Fans are bused in from as far away as Canada.

4. FLORIDA The Seminoles' bingo hall in Tampa sits on land the government had designated for use as an Indian shrine.

5. FLORIDA The Seminoles' original high-stakes Indian bingo opened in Hollywood in December 1979.

6. MINNESOTA In Prior Lake, a 1,400-seat Sioux bingo hall is managed by Pan American International Management Co., a group that includes former Seminole tribal attorney Stephen Whilden.

7. ARIZONA Pan American built an identical hall that opened in January on the tiny Yaqui reservation south of Tucson.

8. ARIZONA Just a few miles away, the Papago tribe will soon open a 1,000-seat bingo hall to compete with the Yaquis. Former Seminole Chairman Howard Tommie tried unsuccessfully to land a management agreement with the Papagos.

9. CALIFORNIA Former Seminole police chief Pete Baker heads security for the Barona bingo hall, which opened in April in San Diego.

10. CALIFORNIA The 22-member Csbazon Band of Mission Indians opened its bingo hall in April. The reservation near Palm Springs also has a casino for card games.

11. CALIFORNIA Fort Lauderdale developer Walter Justus spent \$2 million on the nation's fanciest bingo hall on the Morongo reservation near Los Angeles.

12. WASHINGTON A 1,200-seat bingo hall will open this summer on the Tulalip reservation north of Seattle.

13. WASHINGTON Federal authorities shut down a blackjack casino on the Lummi reservation near Bellingham after discovering that two members of the management firm were convicted felons.

run water to a 29,000-square-foot trading post.

"Strangest darn trading post I ever saw," Lyons said. "Fifteen restrooms, a mezzanine, and an exchange cage."

Although the plans were obviously for a bingo hall, the council approved the water supply. "It's our custom here to do what you want on your land," Miller said.

A change in plans

Others outside the reservation saw things differently.

At the request of Riverside County officials, a federal district judge refused to let the hall open because it was "not of general benefit to the entire tribe."

Justus, stuck with a 1,400-seat mausoleum, retained former U.S. Sen. James Abourezk as his attorney in March and launched feverish negotiations with the tribe.

They agreed to give the Morongos 51 per cent of the hall's profit, subject to a tribal referendum.

A week before the vote, Miller threw an open house. He courted tribe members with barbecued pork, kegs of beer and a bingo game. The first prize was a color TV.

The measure passed April 23, 150-149. The hall opened a week later. Each of the tribe's 800 enrolled members will get an equal share of the profit.

Miller said he had been relegated to taking a simple lease fee from Justus. He will not say how much.

~~183-1746-7~~

SEARCHED	INDEXED
SERIALIZED	FILED
JUN 17 1993	
FBI - LOS ANGELES	

[Redacted Box]

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b7C

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☐ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 6/14/83

TO: DIRECTOR, FBI

FROM: SAC, TAMPA (198A-8) (SQ 4) (P)

✓ 183-1746X (6/8)
 PAN AMERICAN
 MANAGEMENT, INC.
 CIR - GAMBLING
 OO:TP

GAMBIT
 RICO (A)
 OO:TP
 TP 183A-1010

ReTPairtel to HQ, 3/31/83, and TPTéls to HQ, 4/4/83,
 and 6/13/83.

Enclosed for receiving offices are copies of newspaper
 articles which appeared in the "Miami Herald" on 5/29, 30, and
 31/83, the "Tampa Tribune" on 4/22/83, and the "St. Petersburg
 Times" on 4/18/83.

It is recommended that the enclosed articles be
 carefully reviewed and indexed in view of the likelihood
 of one or more of these individuals appearing in the territory
 of the recipients. It is also recommended that recipients
 continue to monitor closely efforts to develop gambling in your
 territories inasmuch as it is recognized that because of
 Supreme Court decisions allowing a wide variety of activities
 on indian reservations it is necessary to develop a broad
 picture of illicit influence on these reservations in order
 to drive home to the Justice Department and for that matter
 FBIHQ, the seriousness of this problem and the scale of funds
 escaping taxation and being diverted into the hands of white
 collar and organized crime figures.

2 - Bureau (Enc. 5)	2 - Albany (Enc. 5)	
2 - Boston (Enc. 5)	2 - Charlotte (Enc. 5)	
2 - Cleveland (Enc. 5)	② - Los Angeles (Enc. 5)	
2 - Indianapolis (Enc. 5)	2 - Miami (Enc. 5)	
2 - Minneapolis (Enc. 5)	2 - Phoenix (Enc. 5)	2 - San Diego
2 - Tampa	(Number) (Time) Per	(Enc. 5)
RHD/sjm		
(24)		

Approved: _____ Transmitted _____

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ Airtel

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 7/19/83

TO: DIRECTOR, FBI
 FROM: SAC, LOS ANGELES (183-1746) (OC-1) (RUC)
 SUBJECT: PAN AMERICAN MANAGEMENT INC.
 CIR-GAMBLING;
 OO: Tampa

GAMBIT
 RICO (A)
 OO: Tampa
 (TP 183A-1010)

Re Tampa teletype to the Bureau, 6/13/83 and Tampa airtel to the Bureau, 6/14/83.

The following information is set forth relative to the matter set out in referenced communications which involves the operation of bingo parlors, etc. on Indian reservations throughout the United States. The information set forth below is a synopsis of activities within the Los Angeles Division.

To begin with, the State of California several years ago opted under Public Law 280 to assume jurisdiction of criminal matters on Indian reservations. California is one of a few states in the United States that exercised such option. Consequently, there are no crime on Indian reservations (CIR) investigations conducted by the Bureau in California unless the type of criminal activity involves some type of embezzlement or fraud pertaining to Federal money or the Federal Government such as a fraud against the government investigation.

SEARCHED

INDEXED

SERIALIZED

FILED

2 - Bureau
 2 - Tampa (198A-8)
 ① - Los Angeles

AJS/jpb
 (5)



183-1746-8

Approved: RFB/

Transmitted

(Number)

(Time)

Per

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Los Angeles Division however monitors such criminal investigations on the Indian reservation as usually conducted by various sheriff's departments. Los Angeles has particularly monitored attempts by local authorities including the City of Indio and the Riverside County Sheriff's Office to shut down a bingo and card parlor which was opened up by the Cabazon Reservation of Mission Indians at Indio, California in late 1980 or early 1981. Of particular interest in this matter was the fact that when this card and bingo parlor opened, [redacted] a La Cosa Nostra (LCN) operative and Palm Spring, California resident put up \$90,000 to start the card parlor. At the same time he put an associate of his, [redacted] a bookmaker, in as the manager at the card parlor. [redacted] was subsequently fired and thereafter won a \$80,000 civil suit for breach of contract. In the course of an unrelated investigation, [redacted] was asked about the \$90,000 to which he replied that it was only \$70,000 and it was a loan from his wife. Allegedly [redacted] a Los Angeles LCN member approached Cabazon Indian manager JOHN PAUL NICHOLS (originally from Florida) to demand the repayment of the loan to [redacted]. Since then, the loan has supposedly been paid off. It has been noted that in unrelated investigations, Los Angeles informants have reported on connections between [redacted] and [redacted] on other criminal matters.

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At any rate, the City of Indio, California attempted to close down the bingo parlor and card room based on a California State Law prohibiting gambling unless specifically exempted by city council. In approximately May, 1981, Judge LAUGHLIN E. WATERS, U. S. District Court, Los Angeles, California ruled in favor of the City of Indio. Then, approximately a year later, this ruling was overturned by the 9th Circuit Court of Appeals thus allowing the Indians to open gambling parlors on Indian reservations with tribal council approval. Now, the County of Riverside, California is attempting to take some legal action.

In an unrelated matter involving an Indian reservation within the Sacramento Division, a similar case went to the courts and was ruled in favor of the Indians as it pertains to an exemption of the Alcoholic Beverage Control laws for the State of California. This could result down the road in stores being opened selling alcoholic beverages by-passing the tax similar to the cigarette stores operated in other states.

There was also a triple murder which occurred in the area of Indio, California at the time the casino first opened. One of the victims was an Indian named ALVAREZ who was closely associated with the casino. It was speculated by the Riverside

County Sheriff's Office that the murder could have been concerning a dispute over the casino. The murders have never been solved nor a motive established. There is also the theory that it could have been committed over a matter involving narcotics.

In addition to the Indian gambling facility at Indio, California, another group of Indians in the area of Banning, California on the Morongo Reservation have just recently, within the past few months, opened a bingo parlor. This one is just getting started.

Los Angeles agrees that bingo parlors and card clubs on Indian reservations across the United States could in fact become a problem of major proportions. Such facilities would surely become a lucrative source of monies and organized crime would undoubtedly attempt to exert their influence. As the reservations attempt to set up the bingo/card parlors they would be expected to call upon persons knowledgeable in the gambling field, which would also lead to some organized crime influence. Additionally, there is no regulatory body or agency to oversee the operation and very little accountability of the monies exchanging hands.

In conclusion, the Los Angeles Division feels the problem is more of a legislative matter and that such clubs should either not be allowed to operate at all or at the minimal be allowed to operate with specific regulatory requirements. In this regard, it is recommended that the Bureau assimilate information received from all responding offices and submit such information in an LHM to the department for their consideration.

FBI

TRANSMIT VIA:

☐ Teletype
☐ Facsimile
☒ AIRTEL

PRECEDENCE:

☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS
Date 11/2/83

TO: DIRECTOR, FBI

FROM: SAC, LOS ANGELES (183-1746) (OC-1) (RUC)

SUBJECT: PAN AMERICAN MANAGEMENT, INC.
CIR-GAMBLING
OO: Tampa

GAMBIT
RICO (A)
OO: Tampa
(TP 183A-1010)

Re Los Angeles airtel to Bureau, dated 7/19/83.

Enclosed for the Bureau and for Tampa Division are two copies each of an article concerning gambling activities on Indian Reservations.

The enclosed articles being furnished for the information and assistance of the Bureau and Tampa Division for whatever efforts they are pursuing in this matter. It is noted that the article was published in the September, 1983 edition of the "California Lawyer" published by the State Bar of California, Volume 3, Number 9, and was the feature/cover article. This magazine receives widespread distribution among California lawyers.

- 2 - Bureau (Enc. 2)
2 - Tampa (198A-8) (Enc. 2)
① - Los Angeles

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(5)

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Approved: _____ Transmitted _____ Per _____
(Number) (Time)

(Mount Clipping in Space Below)

Reservation Boon**Bingo!
Indians Hit
the Jackpot**By DAVID FREED,
Times Staff Writer

INDIO—After a long day of toiling and broiling under the desert sun, heavy equipment operator Jim Bass is ready for a little after-work action. Climbing into his new pickup truck with his wife, he heads for the nearby Cabazon Indian Reservation.

There, inside a windowless, brightly lit hall that opens every evening, Bass plays bingo twice weekly with as many as 500 others, nearly all of them non-Indians. But the type of bingo played here on the desert east of Palm Springs hardly resembles that offered by the area's churches and posts of the Veterans of Foreign Wars.

The 21-member Cabazon band, which began hosting bingo games in March, doesn't give away canned hams, toasters or savings bonds as jackpot prizes. Jackpots often total more than \$1,000 in cash and have been as large as \$13,000. Next door to their bingo hall, the Cabazon also offer gamblers a round-the-clock poker parlor featuring 24 green felt-covered tables in a room decorated with paintings of weathered, ancestral warriors.

'Just Like Las Vegas'

"This is just like Las Vegas," marveled Bass, 39, on a night when he and wife, Sharon, spent \$80 in bingo cards and won \$200. "Only this is closer than Las Vegas."

High-stakes Indian bingo, a simple and shrewd money-making venture that began six years ago on a Seminole reservation in Florida, has blossomed into a financial boon for the Cabazons and more than 60 of the other 289 recognized American Indian tribes in the continental United States.

Under sovereignty granted by century-old treaties, the Indians are legally exempt from restrictive state gambling laws that limit bingo jackpots, and are luring players by the thousands with prizes that have been as large as \$50,000.

No fewer than six of California's 84 tribes are offering big-stakes bingo, most with financial backing from non-Indian management companies. As many as 30 other California tribes are considering hosting games as well, according to the U.S. Bureau of Indian Affairs.

Reducing Joblessness

Although less than wholeheartedly committed to the idea, bureau directors see reservation bingo as a means of reducing tribal unemployment and dependence on Indian federal welfare programs, which in 1984 are expected to total \$2.4 billion.

Unemployment among the 755,000 Indians who live on reservations is estimated to be as high as 75% among many tribes. On some participating reservations, unemployment has been more than halved through bingo-provided jobs, according to bingo proponents.

The Bureau of Indian Affairs in March formed a 13-member bingo task force that next year is expected to recommend regulations stipulating how the Indians can best spend their bingo proceeds.

Proceeds, indeed. The Seminoles, for example, netted about \$4 million last year from their three bingo halls in south Florida. Oklahoma's

Please see BINGO Page 3

(Indicate page, name of newspaper, city and state.)

LOS ANGELES
TIMES

LOS ANGELES, CA

PART I
PAGE 1Date: 12-12-83
Edition: FINAL

Title:

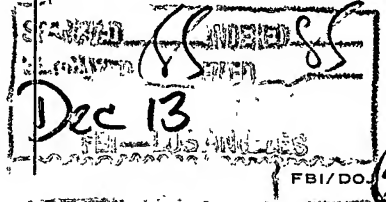
Character:
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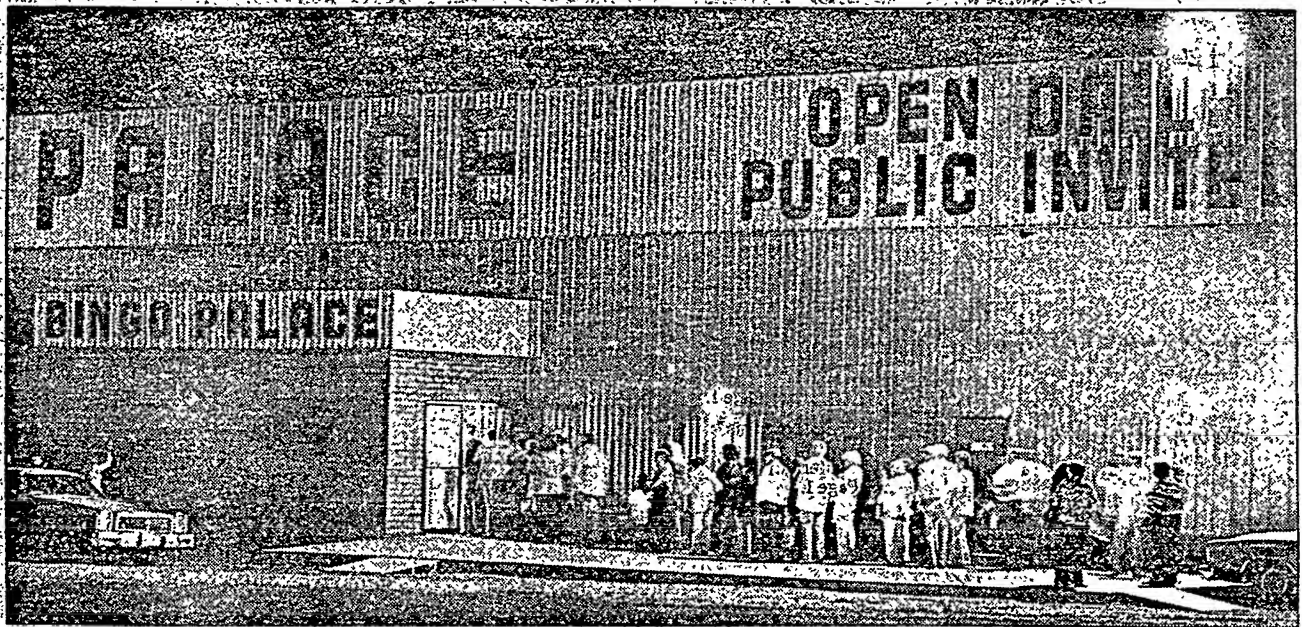
Classification: 183A-1746

Submitting Office:

LOS ANGELES

183-1746-10





BOB GRIENER / Los Angeles Times

A small crowd of patrons lines up to enter the Cabazon Bingo Palace on a weekday night. Next door is a round-the-clock poker parlor.

BINGO: Gamblers Lured to Reservations

Continued from Page 1

land-poor Pawnees have grossed \$500,000 this year from bingo, while the Cabazons predict annual bingo profits in excess of \$800,000.

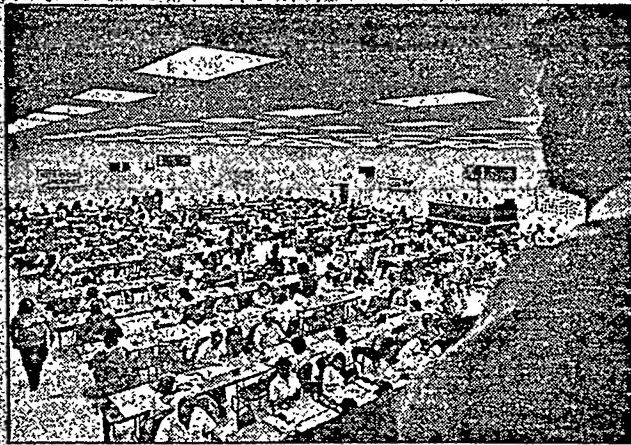
But while several participating tribes have found new financial life through bingo, some surrounding charitable organizations traditionally dependent on the game for their income have gone out of business, bitterly insisting that Indian competition is unfair.

Law enforcement also has expressed disfavor, saying that participating tribes are being manipulated by greedy white men who take advantage of the Indians' unique status.

Authorities in California have tried without success to challenge Indian bingo in court and are continuing their judicial efforts to close the games. Investigators, meanwhile, have predicted that participating reservations will become mob-controlled, Las Vegas-style gambling centers if the games are permitted to go unchecked. That prediction, however, would appear so far to be based more on suspicion than hard evidence.

"It's like honey," explained Robert Corbin, Arizona's attorney general. "Where you have big money, it's only a matter of time before you have organized crime."

But if the Indians are fearful of exploitation, one would never guess it by the number of bingo games



A view of the action with about 300 players, most non-Indians.

that have cropped up throughout the nation.

Riverside County's Morongo Indians claim to offer the nation's richest Indian bingo, giving away new cars each week and a minimum of \$20,000 each night. The tribe's largest jackpot has been \$42,000, according to general manager Robert Ingenito. Each player pays \$45 for the right to play 26 games of bingo, with each jackpot no less than \$1,000.

Since April, when the Morongos

began hosting bingo on their parched 35,000-acre reservation along Interstate 10 near Banning, an average of 1,000 players have packed the \$2-million, 29,000-square-foot concrete block of a building that the tribe refers to as its "Indian Bingo Village."

The Cherokees are using a former textile factory in western North Carolina to host bingo. As many as 3,800 players attend their twice-monthly sessions. Busesloads of players from as far away as Alabama

New York and even Canada have ventured to the reservation 50 miles west of Asheville in the quest for bingo riches. Last month, in one night alone, the Cherokees gave away a \$50,000 jackpot and an \$18,000 Cadillac. The per-person entry fee was \$250.

The Fond du Lac Indians near Duluth, Minn., pack as many as 350 non-reservation players into the tribe's community center four times each week, while hundreds of players at the Lac Court Oreilles Reservation in Hayward, Wis., each have paid \$100 in entry fees for the chance to win \$10,000 jackpots.

In Arizona, competition to attract bingo players is intense among the Papago, Pascua Yaqui and Yavapai tribes. So adamant are the Pascua Yaquis that when Atty. Gen. Corbin this year unsuccessfully sought passage of a bill making it illegal for non-Indians to participate in a reservation bingo game, tribal leader Anselmo Valenzuela vowed to make non-Indian bingo players "honorary Yaquis."

The estimated 1,300 people in attendance on the reservation that night cheered.

"We're basically left, defenseless because we have no court authority to monitor these activities," Corbin said. "Meanwhile, our charities and churches are hurting."

That damage has been felt in eastern San Diego County, where

Please see BINGO, Page 2

BINGO: Big-Stakes Games on Reservations

Continued from Page 3

bingo on the Barona Indian Reservation has been blamed for ending bingo at the Lakeside VFW post and for taking a sizable bite out of bingo crowds at Our Lady of Perpetual Help Catholic Church in Lakeside.

Two weeks before Barona bingo opened in April, more than 300 players went to "giveaway" bingo night at Our Lady in which television sets and calculators were given away along with cash prizes. Weekly attendance now averages a little more than 100 while the Baronas have attracted an average of about 450 players to its evening games. The VFW canceled its games in June, as weekly crowds dwindled to about 60.

California law allows only non-profit organizations to conduct bingo games and restricts jackpots to no more than \$250 per game. The Baronas, whose evening visitors pay a minimum of \$15 to play eight offered to build a bingo parlor on bingo boards, have given away one-game payoffs as large as \$19,000.

"It's human nature that the people should go after the big money," signed Joseph Thogmartin, who has run Our Lady's games for seven years. "The Baronas have taken all the cream and candy off this game."

So enticing have the Baronas jackpots been that the tribe is building a new 54,400-square-foot bingo palace to hold 2,000 players, many of whom already travel each night from San Diego, 30 miles away, to the tribe's rocky, remote reservation.

"The Indians themselves are no less noble a charity than the veterans and the church ladies and whatever," said Donald Harrison, a spokesman for American Amusement Management Inc., a Los Angeles-based company that administers the Barona games. "This issue is frequently characterized as the Indians versus the charities. It really is a battle among charities, (and)

the Indians represent one. We don't wish any charity harm."

Elsewhere in California, Indian bingo is being played on the Tachi reservation south of Fresno, the Bishop reservation in Inyo County and on the Santa Ynez reservation, five miles northeast of President Reagan's ranch in the mountains east of Santa Barbara.

In most cases, including the Capazon and Barona games, the tribes receive slightly more than half of the bingo money they take in. The proceeds are split with white management companies that more often than not construct the massive bingo halls, contract for security guards, buy the necessary bingo equipment and hire the needed personnel.

But the Indians are not always assured of an equitable split. The Morongos, for example, contracted this year with an Indianapolis businessman, Walter Justus, who offered to build a bingo parlor on Clive Miller. By a 150-149 vote, the 730-member Morongo band agreed to a contract giving them 51% of the annual bingo profits up to a total of \$500,000. Upon receiving their \$500,000, the Morongos' share would decline to only 5% of the proceeds.

After approving the contract, tribal members each received a check for \$342.50, according to tribal Chairman Robert Martin. That represents an initial \$250,025 payment toward the \$500,000.

"That's all we've gotten so far, we haven't seen any other money," Martin said. "It's not a fair split, particularly when the bingo hall is making a lot of money—easily more than \$100,000—every week."

Martin said tribal members also are bitter that only about one-quarter of the more than 100 people who work for the bingo operation are Indians, with most making approximately \$4 per hour.

The Morongos hope to negotiate a new contract with Justus next

month, one that will assure the Indians 60% of the proceeds from bingo played on their reservation. Justus declined to return repeated telephone calls from The Times, although tribal members said he has been amenable to a renegotiation.

A few tribes, traditionally suspicious of white entrepreneurs, have shunned outside help.

Eugene Martinez, chairman of the 1,600-member Paiute band in Bishop, said the largest jackpot his tribe offers in its twice-weekly games is \$400. The crowd averages only about 50 players.

"We're tribally owned and operated, it's low profile and we want to keep it that way," Martinez said. "We've been approached by all kinds of groups wanting us to expand with their help, but nobody out here is looking for a fast buck."

But bucks—pure and simple—are what prompted the Florida Seminoles to develop bingo in 1977.

What cleared the way for the Seminoles and for other tribes was a 1981 decision by the 5th U.S. Circuit Court of Appeals, which agreed with a Fort Lauderdale, Fla., judge that the Seminoles could run a bingo hall even though it is contrary to Florida law. The appellate court ruled that laws prohibiting actions can be enforced on Indian land, but rules that merely regulate were not applicable.

Another similar reinforcing court ruling came in December, 1982, after San Diego County Sheriff John F. Duffy threatened to raid planned bingo games on the Barona reservation.

The 9th Circuit Court of Appeals held in that case that because bingo is legal in California, the laws regarding it must be considered civil and regulatory in nature, rather than criminal and prohibitory.

The U.S. Justice Department earlier this year attempted to address the question of bingo, legality by proposing a regulation that would have given states control over reservation gambling operations. But former Interior Secretary James G. Watt threw out the proposal. Watt said the proposal was counter to the Reagan Administration's Indian policy, which stresses cooperative business ventures between tribes and outside interests.

"Gambling is not something all tribes can look to; it isn't the hallmark of any active economic development, but it will help in some cases," said John Fritz, a Department of Interior deputy assistant secretary for Indian affairs. "Our position has been that tribal governments are, in fact, governments. We want them to strengthen themselves so that they can control their own destiny."

And if that interferes with the interests of non-Indians, such as churches and VFW posts, it will have to be accepted, said Fritz, who is himself part-Western Cherokee.

Reid P. Chambers, a Washington attorney and former Interior official whose law firm represents several Indian tribes presently sponsoring bingo games, agreed with Fritz.

Other Choices

Even if the Catholic Church can't run its bingo on Tuesday nights, there are other ways for the church to raise money, Chambers said. "The overall value furthered by Indian bingo is the right of a group of people to maintain a separate society and find some way to finance it."

However, the California attorney general's office is convinced that Indian bingo is wrong and has intervened in a pending Riverside County court case that officials are confident will eventually end big-stakes reservation bingo in California and nationally.

Officials believe that the courts have yet to consider a series of longstanding federal laws giving states the authority to regulate reservation matters that are not internal in nature and have not been the subject of congressionally imposed regulations.

U.S. District Judge Laughlin E. Waters in Los Angeles is expected to rule in the case early next year.

"We wouldn't object to tribes developing economically, but it is important to consider what enterprise is being used to get there," said Rudolph Corona, a deputy state attorney general in San Diego. "The people of California in 1976 amended the Constitution to allow bingo for charitable purposes only. Indian bingo is strictly gambling; it is not charitable."

FBI

TRANSMIT VIA:

- ☐ Teletype
☐ Facsimile
☒ AIRTEL

PRECEDENCE:

- ☐ Immediate
☐ Priority
☐ Routine

CLASSIFICATION:

- ☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 12/13/83

TO: DIRECTOR, FBI

FROM: SAC, LOS ANGELES (183A-1746) (OC-1) (RUC)

PAN AMERICAN MANAGEMENT, INC.
CIR-GAMBLING
OO: Tampa

GAMBIT
RICO (A)
OO: Tampa
(TP 183A-1010)

Re Los Angeles airtel to Bureau, dated 11/2/83.

Enclosed for the Bureau and Tampa are two copies of each of an article concerning gambling activities on Indian Reservations.

The enclosed article was published in the Los Angeles Times, 12/12/83, on Page 1, with a circulation in excess of one million. Although the article does not go into any organized crime infiltration, it does hint of such possibilities if such gambling activities on the Indian Reservations go on unchecked.

- 2 - Bureau (Enc. 2)
- 2 - Tampa (198A-8) (Enc. 2)
- (1 - 183-1010)
- ① - Los Angeles

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Approved: _____ Transmitted _____ Per _____
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183-1746-11

(Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.)

SECTION B
Page 1

Date:

2-7-84

Edition:

The Press Enterprise
Palm Springs Ca

Title:

GAMBIT

Character:

PAN AMERICAN

or

MOMT INC.

Classification:

CIR-Gambling

Submitting Office:

LA 183-1746

Indexing:

183-1746-12

SEARCHED	INDEXED
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b6
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Local

The Press-Enterprise

Order to Bouvia made permanent B-2
Center site choice defended B-3
RV park expansion approved B-4

SECTION

B

Tuesday, February 7, 1984

Morongos decide to close bingo parlor Friday, open another

By GEORGE ROONEY

Banning-Beaumont Bureau

BANNING — Determined to get a larger share of the profit to be made in commercial gambling, the Morongo Band of Mission Indians plans to close the high-stakes bingo parlor on its reservation east of Banning at midnight Friday.

Soon after it closes the Indian Village Bingo hall, which has earned millions of dollars since it opened nine months ago, the tribe will start another bingo operation over which it will have more control, tribal attorney Barbara Karshmer said yesterday.

Karshmer said the decision to close the bingo parlor, billed as

the nation's largest, was made at a general tribal meeting Sunday. She said she would notify the bingo hall's owner, Walter G. Justus.

"We will be advising Justus Enterprises that he is no longer an agent of the tribe," Karshmer said. "At that point, we would hope that it would be closed down without a great deal of inconvenience to the public."

Karshmer said tribal officials hope to close the bingo hall without having to obtain the assistance of law enforcement authorities.

"We think (Justus Enterprises) will cooperate," she said.

She said "the tribe hopes to reopen a bingo operation shortly"

on the reservation but declined to reveal details. Tribal Chairman Robert Martin has said the Morongo Tribal Council has been negotiating with other prospective contractors for a bingo operation.

Justus, a contractor and real estate developer with offices in Indianapolis and Fort Lauderdale, Fla., said yesterday he had heard reports of the planned closure from some tribal members but had not received formal notification from Karshmer or tribal officers.

"I haven't been given notice of anything yet," Justus said. "We're expecting to hear something, but I can't evaluate it until we do."

Asked whether he would close the bingo hall if directed to by the tribe, Justus said, "We intend to abide by the law."

He said he had been informed by Martin that the tribe no longer would negotiate with him on a new contract.

Members of the Morongo Band voted Jan. 14 to halt negotiations with Justus Enterprises on a contract to give the Morongos a larger share of the bingo hall's profits.

The Indian Village Bingo parlor opened April 30, 1983, after tribal members voted 150-149 to go into business with Justus and Clive "Sonny" Miller, the Morongo tribal member who leased

land to Justus for the 29,000-square-foot building.

The contract approved by the Tribal Council at that time gives the Morongos a 51 percent share of the bingo hall's profits up to \$500,000. After the \$500,000 figure is reached, however, the tribal share drops to 5 percent, with the remaining profits going to Justus Enterprises. Miller has received a management fee plus \$876,000 annually for the lease of his land, according to agreements approved by the council.

The bingo hall, which draws about 1,000 customers nightly at a minimum admission of \$20, is estimated to gross several million dollars annually. The tribal council

has been trying to renegotiate the contract to increase the tribe's share of the profits.

The bingo hall has been operating under a preliminary injunction won by the tribe last spring in federal court. The injunction, granted by U.S. District Judge Laughlin E. Waters, bars Riverside County from enforcing its anti-gambling law on the reservation, pending a decision on the tribe's request for a permanent injunction.

Attorneys for the county and the state Attorney General's office, which has intervened in the case, contend the bingo hall violates county and state laws (See BINGO, Page B-2)

Bingo parlor . . .

(From Page B-1)
against commercial gambling. The Morongos, citing federal court decisions, contend those laws do not apply on Indian lands, which are held in trust by the federal government.

According to its operators, the Indian Village Bingo hall awards cash prizes in excess of \$15,000 nightly. California law allows maximum prizes of \$250 in bingo games, which are permitted only for charitable purposes.

Both Karshmer and Deputy Attorney General Rudolf Corona Jr. said yesterday the closing of the bingo parlor would not affect the federal court litigation since the tribe intends to continue to operate high-stakes bingo games.

Judge Waters has scheduled a conference on the case for next week.

"The issue remains the

same," said Corona, "namely, whether they have the authority and power to conduct bingo. It really doesn't matter to us who is conducting it, just the fact that it's being conducted. We think it's against the law."

Corona said a bill introduced in the Legislature last month by state Senator Ralph Dills, D-Los Angeles, may help determine the fate of Indian reservation bingo games in California. Senate Bill 1356 would amend the section of the state penal code governing bingo games to make conducting a high-stakes game "a criminal offense."

The bill is now being reviewed by the Senate Committee on Governmental Organizations. Terry Frost, a consultant to the committee, said the bill was drafted in response to a federal

court decision upholding the right of the Barona Indians to conduct high-stakes bingo on their reservation in San Diego County.

"It's our opinion that the federal court erred" in the Barona decision, Frost said.

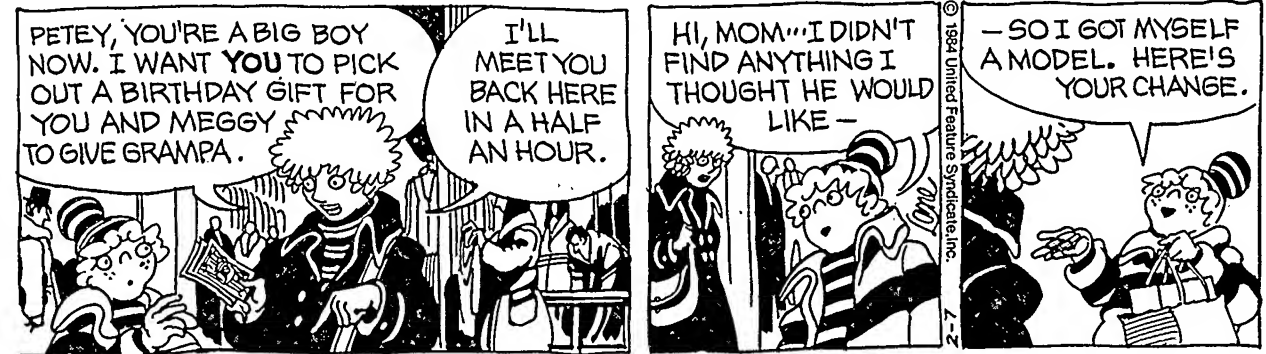
The U.S. Ninth Circuit Court of Appeals ruled in December 1982 that San Diego County authorities had no right to halt the bingo games on the Barona reservation. Last May, the U.S. Supreme Court refused to hear an appeal of the decision.

Morongo attorneys have cited the Barona decision as a basis for the legality of high-stakes bingo on Indian reservations.

The Mornogo case has been consolidated with a similar lawsuit filed against the county by the Cabazon Band of Mission Indians, which operates a bingo hall and poker club on the Cabazon reservation near Indio.

Attorneys say the cases probably would not be decided until they reach the U.S. Supreme Court.

BEN SWIFT, retired



Supreme Court . . .

(From Page B-1)
The process is to ensure a fair impartial jury, not a favorable one. Judges, not advocates, must control that process, to make sure privileges are not abused. Properly conducted it is inconceivable that the process could extend over such a period. We note, however, that in response to questions, counsel stated that it is not unknown in California courts for jury selection to extend to six months."

In a separate opinion, Justice Thurgood Marshall called Bur-

and put it into the hands of the judges, they won't get a fight from the Supreme Court. . . .

"What seems to be going on is an effort by Burger to begin to elevate the rights of jurors, that and taking voir dire from the lawyers and giving it to the judges. That would cut down on the ability of defendants to ask a range of penetrating questions."

In other words, fewer questions about the jurors would both shorten the selection process and limit the invasions into juror privacy.

Paul Carrillo, who were eventually convicted of bludgeoning a cab driver to death, spanned five weeks and took 22 days.

Jury selection of such length is by no means a national phenomena, but seems to have become acute in only California and New York, where lawyers are allowed to make in-depth probes.

"In Virginia, we just did a survey of the circuit courts," said Munsterman. "The judges there were concerned that jury selection was getting longer than two hours."

Mounds of information have been compiled to assist attorneys in questioning potential jurors, yet virtually no data exist that

(Mount Clipping in Space Below)

2/10/84 Riverside Press Enterprise

Morongo bingo building is seized by owner of land

(Indicate page, name of newspaper, city and state.)

The Press Enterprise
Palm Springs Ca
2-10-84

Date: *GAMBIT*
Edition:

Title: *Par American Mgmt Inc*

Character: *CIR-Cambly*
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Classification:

Submitting Office:

183-1746-13

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CAMELOT 327-1237
2300 E. BARISTO RD.

"STAR 80" (R) FRI. & TUES. THRU THURS.
5:30, 9:15. SAT., SUN. & MON. 1:45, 5:30, 9:15
PLUS "ANGEL" (R) FRI. & TUES. THRU
THURS. 7:30 only. SAT., SUN., MON. 3:45, 7:30.

CAMELOT 327-1237
2300 E. BARISTO RD.

"THE GREY FOX" (PG)
FRI. & TUES. THRU THURS. 5:30, 7:15, 9:00.
SAT., SUN., MON. 2:00, 3:45, 5:30, 7:15, 9:00.

VILLAGE 325-6022
207 NO. PALM CANYON
"UNFAITHFULLY YOURS" (PG)
FRI. & TUES. THRU THURS. 5:20, 7:20, 9:15.
SAT., SUN., MON. 1:30, 3:25, 5:20, 7:20, 9:15
starring Dudley Moore and Nastassia Kinski,

VILLAGE 325-6022
207 NO. PALM CANYON

PLAZA 325-2020
128 SO. PALM CANYON
"TERMS OF ENDEARMENT" (PG)
FRI. & TUES. THRU THURS. 5:00, 7:30, 9:45.
SAT., SUN., MON. 2:00, 4:30, 7:00, 9:30.
WINNER 4 GOLDEN GLOBE AWARDS - BEST
PICTURE (DRAMA)

DRIVE-INS

PALM SPRINGS DRIVE-IN
67607 RAMON RD.
327-1832

"THE GATES OF HELL" (R)
PLUS "MAUSOLEUM" (R)
PLUS "FUNERAL HOME" (R)
BOX OFFICE OPENS 6:30 SHOW STARTS 7:00

SUNAIR DRIVE-IN
68050 HWY. 111
328-3111

By GEORGE ROONEY
Banning-Beaumont Bureau

BANNING — Clive "Sonny" Miller, a Morongo Indian who brought high-stakes bingo to the Morongo reservation near here, yesterday seized the Indian Village Bingo hall built by his business partner, Walter G. Justus, and announced that it was closed.

Entrances to the parking lot of the 29,000-square-foot structure, built on Miller's allotted tribal land off Fields Road, were blocked by vehicles and armed guards.

Miller, interviewed inside the locked bingo hall, declined to specify why he had taken over the building, but said, "We just want to prevent a conflict."

Guards at the entrance, as well as an employee of a Palm Springs public relations firm that represents Miller, said the potential conflict was with Justus, a contractor and real estate developer with offices in Indianapolis, Ind., and Fort Lauderdale, Fla.

"As an owner, I'm taking possession of my property," said Miller. "I'm the owner of the property, and the tribe is the owner of the business."

Miller declined to comment on his plans and referred questions to his attorney, Nancy Manzie of Palm Springs. Manzie likewise declined to comment yesterday.

Potential players last night were being turned away by the guards. Near the Fields Road on-ramp to Interstate 10, people were handing out fliers for bingo games on the Chumash Indian Reservation in Santa Ynez.

Miller's takeover came the day before the Morongo Band of Mission Indians planned to close the business because of a contract dispute with Justus. Barbara Karshmer, the Morongo Tribal Council's attorney, informed Justus this week that tribal members were withdrawing their support for the business and wanted it closed as of midnight tonight.

Tribal Chairman Robert Martin said yesterday Miller did not consult the Tribal Council about his seizure of the bingo hall.

"He hasn't talked to me about it," said Martin, who was in Sacramento on tribal business. "He took it on his own, as far as I know."

Justus, who is not an Indian, issued a statement yesterday through his Washington, D. C., attorney, former U. S. Sen. James Abourezk, saying he would not comply with the tribe's directive and that the bingo hall "will continue operating on the same routine basis as it has been operating."

The statement cited the existing contract between Justus Enterprises and the Morongos, and a federal court injunction issued in May, which has permitted the high-stakes bingo hall to operate.

The Indian Village Bingo parlor opened April 30, 1983, after tribal members voted 150-149 to go into business with Justus and Miller, who leased land to Justus

for the bingo hall, billed as the nation's largest.

The contract approved by the Tribal Council at that time gives the Morongos a 51 percent share of the bingo hall's profits up to \$500,000. After the \$500,000 figure is reached, however, the tribal share drops to 5 percent, with the remaining profits going to Justus Enterprises. Miller has received a management fee plus \$876,000 annually for the lease of his land, according to agreements approved by the council.

The bingo hall has drawn about 1,000 customers nightly at a minimum admission of \$20 and is estimated to gross several million dollars annually. The tribal council had been trying to renegotiate the contract to increase the tribe's share of the profits, but cut off negotiations with Justus last month at the direction of tribal members.

The bingo parlor has been operating under a preliminary injunction won by the tribe last spring in federal court. The injunction, granted by U. S. District Judge Laughlin E. Waters, bars Riverside County from enforcing its anti-gambling law on the reservation, pending a decision on the tribe's complaint for a permanent injunction.

Justus' statement said the business would continue its normal operation "until that court order is changed."

Attorneys for the county and the state Attorney General's office, which has intervened in the case, contend the bingo hall violates county and state laws against commercial gambling. The Morongos, citing other federal court decisions, say those laws do not apply on Indian lands, which are held in trust by the federal government.

According to its operators, the Indian Village Bingo hall awarded cash prizes in excess of \$15,000 nightly. California law allows maximum prizes of \$250 in bingo games, which are permitted only for charitable purposes.

Informed that Miller had seized the business, attorney Abourezk said, "I wonder who he thinks is going to come after him." Abourezk declined to comment on Miller's action yesterday but said, "We intend to operate the thing."

Sgt. Pete Kiyasu of the county sheriff's station in Banning said Miller called the station to announce he was closing the bingo hall.

"They wanted us to be advised that they were shutting it down, and that they were concerned about some trouble from the Justus group," Kiyasu said.

Miller declined to say what, if any, plans he had for the bingo building. A woman who answered the telephone last evening said the bingo hall was closed.

Tribal attorney Karshmer and Tribal Chairman Martin have said the Morongos plan to open another high-stakes bingo parlor with a different contractor.

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WASH-AGGREGATE CIGARS FEBRUARY 25, 1933.

RE BUREAU CABLE TO ALL OFFICES, DEC 31, 1932.

CONSIDERED ATTEMPT REQUESTED THAT SPECIAL INFORMANTS BE
DEVELOPED REGARDING THEIR KNOWLEDGE OF ORGANIZED CRIME
INFILTRATION OF HIGH-STAKE INDIAN GAMBLING ENTERPRISES. DESPITE
THE OFFICES WERE NOT RESPONSIVE TO THIS REQUEST ON THEIR AIRTEL
RESPONSES.

FIELD HEADQUARTERS THAT MANY DIVISIONS HAVE NO INDIAN RESERVE
STATUS WITHIN THEIR TERRITORIES, HOWEVER, THIS DOES NOT PRECLUDE
SUSPICIOUS SOURCES WHO MAY BE ENCOURAGED BY ORGANIZED CRIME
ACTIVITIES IN INDIAN GAMBLING GAMES IN VARIOUS PARTS OF THE
UNITED STATES.

BUREAU OFFICE, THEREFORE, IS AGAIN REQUESTED TO SAVVY LOGICAL
INFORMANTS AND TO SUBMIT THE RESULTS OF THESE CONTACTS, VIA
AIRTEL, TO THE ATTENTION OF THE FBI/INDIAN/AGGREGATE GOVERNMENT
CRIME UNIT, WASH, BY 3000 FEBRUARY 25, 1933.

BT

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FBI - LOS ANGELES	
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(Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.)

Press-Enterprise B-1
Riverside, CADate: 10/21/80
Edition:

Title:

Character:

or

Classification:

Submitting Office:

Four arrested and 98 others cited in raid of Cabazon Indian Casino

By STEVE MOORE
Indio Coachella Bureau

INDIO — A card-room gambling operation by the Cabazon Indians has been raided, resulting in arrests or citations for 102 persons.

Indio police entered the Cabazon Indian Casino at about 7:30 p.m. Saturday and instructed those present to remain seated.

Gambling equipment and less than \$100 in cash was confiscated during the sweep.

The 98 persons who received misdemeanor citations have been ordered to appear Nov. 18 in Indio Municipal Court.

Police Chief Sam Cross said the participants were cited for violating both penal code sections and city ordinances against gambling.

Three others were taken into custody when they refused to sign the citations. They were identified as Israel Lloredo, 27, Mary Anne Goulart, 48, and Es-

ter Veronica Hanrahan, 28, all of Indio.

Arrested on charges of refusing to sign and of drunken and disorderly conduct was George Otto Roach, 37, of Indio.

It took officers about 3½ hours to complete the arrests and citation forms. During the process, police confiscated 1,500 decks of cards and \$100,000 in poker chips.

In all, 12 officers were involved, most in plain clothes.

The man in charge of security at the reservation, Fred Alvarez, criticized the conduct of the Indio Police Department during the raid.

"These arrests were pure examples of harassment techniques as perfected in Germany against minorities prior to the development of concentration camps," Alvarez said in a prepared statement.

He complained that officers in "riot gear" took pictures of patrons in an intimidating manner.

Alvarez said the Cabazon Band of Mission Indians has filed for a restraining order in federal court in Washington, D.C. to prohibit Indio from halting the gambling.

Alvarez said a similar request should be filed today in federal court in Los Angeles, adding that the band intends to open the casino again "as soon as possible."

The Indians have made no secret of their desire to prompt a court test on the issue of gambling on their reservations.

They say that neither Indio nor Riverside County has jurisdiction over such activities on land held by the federal government for the Indians.

Indio officials contend the acreage on which the reservation is located has been annexed to the city, and therefore is under city jurisdiction.

The casino is located north of Interstate 10 next to the Happy Wanderer RV Park.

(Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.)

Press-Enterprise A-1
Riverside, CADate: 10/23/80
Edition:

Title:

Character:

or

Classification:

Submitting Office:

Gambling charges slated

INDIO — Charges against 102 people cited at the "Cabazon Indian Casino" for gambling could be filed as early as next week, according to Deputy District Attorney Rick Erwood.

In conjunction with citing people inside the card game operation, Indio police seized seven card tables, in excess of \$100,000 worth of gambling chips and several hundred card decks when they raided the casino Saturday evening.

Indio officials claim the casino is on city property, whereas the Cabazons maintain they are on federal reservation land. Indio has a broad anti-gambling ordinance.

Erwood said Wednesday he expects to receive police reports on the citations either today or Friday which will enable him to issue the complaints.

He said the case was "a sensitive problem" since it possibly could involve jurisdictional issues. The issues, Erwood said, are whether the Cabazons are a sovereign nation and therefore have the authority to set their own

laws for governing their land, and whether the casino is actually on land which is within city limits.

Should the Cabazons get a temporary restraining order from a federal court as they have threatened, the case would likely be settled in federal court, Erwood said.

The deputy district attorney defended the police's mass raid, saying it was a matter "where the city was forced into the situation... (and) they really had to take action."

Erwood said should Indio have allowed the gambling to continue, it might have encouraged other gambling establishments to open.

An Indio police official confirmed Wednesday that a woman has filed a citizen's complaint against the department as a result of her arrest at the casino Saturday night.

The woman charges the arresting policeman used excessive force, said the official, who noted the complaint was under investigation.

183A-1746-16

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*Press-Enterprise B-5
Riverside, CA*

Date:

Edition:

11/16/80

Title:

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Submitting Office:

Indians' casino reopens after 4-week shutdown

INDIO — The Cabazon Indian casino reopened yesterday, four weeks after it had been shut down by police, and five days after a federal judge had barred the city from enforcing its anti-gambling laws "on or within" the tribal reservation.

The casino, located on tribal land on the outskirts of Indio, had originally opened Oct. 15, featuring pan, lo ball and draw poker — the three card games permitted by state law on a local option basis.

Three days later, the card room was raided by Indio police, who seized gambling paraphernalia and cited 102 persons.

The tribe then went to court, claiming the city did not have jurisdiction over the Indian reservation, and arguing that the reservation was not actually in Indio because it was annexed without federal approval.

Last Monday, U.S. District Judge Laughlin Waters ruled for the Cabazons, issuing a preliminary injunction that barred the city from enforcing its anti-gambling laws on tribal land and required police to return the impounded tables, cards and chips.

But the judge's decision did not make clear whether he ruled on the boundary question or on the larger issue of whether a reservation is immune from municipal regulation.

The judge's ruling also did not mention the 102 persons cited for misdemeanor gambling violations.

Riverside County Deputy District Attorney Rick Erwood said Friday he would attempt to ask the defendants to waive their rights to a speedy trial until the city's case is settled in federal court.

Asked what would happen if those cited refused to waive their rights, Erwood replied, "Then we'll have a serious problem as far as whether or not we can proceed."

183A-1746-17

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PRESS-Enterprise B-1
Riverside, CA

Date: 5/6/81

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Classification:

Submitting Office:

Cabazon Band plans
to appeal court ruling
closing its cardroom

183A-1746-18

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FBI - LOS ANGELES	
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By MIKE KATAOKA

Indio Coachella Bureau

INDIO — Claiming their tribal sovereignty is at stake, the Cabazon Indians plan to appeal a federal judge's ruling Monday that shut down their cardroom along Interstate 10.

"We will continue to seek legal relief and we will take this case to the U.S. Supreme Court if necessary," tribal Chairman Arthur Welmas told reporters yesterday.

"We have our attorneys in Washington (D.C.) appealing the decision," he said.

According to Welmas, U.S. District Court Judge Laughlin E. Waters, who ruled against the Indians Monday following a 45-minute hearing in Los Angeles, will be asked to stay the order so the cardroom can remain open pending an appellate court decision.

"Possibly in two to three weeks we could reopen," Welmas said.

Waters last November granted a preliminary injunction which permitted the Cabazon Casino, which had been shut down by Indio police, to reopen pending the result of a trial.

Because there was no dispute over the facts, attorneys for the Indians and the city agreed to let Waters rule on the legal issues without a trial.

The judge ruled from the bench that the city's 1970 annexation of land where the cardroom is located was valid and that the city had the authority to enforce its anti-gambling laws on that land.

The Indians' attorneys had argued that the annexation was invalid because the city had failed to secure consent from the federal government.

The city's position was that no federal consent was required because non-Indian land was included in the annexation.

But beyond that procedural dispute is the far-reaching issue of an Indian band's sovereignty and right to economic independence.

The Cabazon reservation was established in 1876 in the lower Coachella Valley. Unlike the Agua Caliente Indian Band in the Palm Springs area, the Cabazons found little to be gained in their land allotment and tribal members maintained a low profile until about two years ago.

They began by selling cut-rate cigarettes from a smoke

shop, then added liquor to the inventory, and finally developed the cardroom with a restaurant and bar.

Welmas said the 25-member band went into the gambling business in the hopes of turning a quick profit.

While not quoting figures, Welmas said the 24-hour-a-day operation was making money.

The food and beverage business, he said, was just breaking even which does not justify its operation without the gambling.

"Profits from the card games," he said, sustained important tribal programs, such as a health plan. Without that money, that plan would be eliminated, Welmas said.

Closing the casino also means unemployment for about 70 workers, he said.

There also is a substantial debt the Cabazon Indians owe on the building, which cost about \$250,000 to renovate, he said.

If a favorable court ruling is not in the offing, "I doubt if we will ever recover," Welmas said.

"We're such a small tribe that we don't qualify for large sums of money for tribal government," he said. Financial help from the local cities and the county also has not been forthcoming, according to Welmas.

"It's a good, clean operation," he said. "All the retired people come here. They like to play."

As a result of the police raid three days after the Cabazon Casino opened in mid-October, about 100 persons still face prosecution for gambling violations.

Deputy District Attorney Rick Erwood said yesterday he wants to postpone the pretrial and trial dates for the defendants pending a possible stay order from the federal court.

A pretrial hearing is set for tomorrow in Municipal Court and the trial date is set for May 18.

Should the judge's ruling stand and the cardroom remain closed during appeals, Erwood said he would proceed with the prosecution.

"I think we'll probably have to stagger the trials to 25 at a time," he said. There also is a possibility of the defendants entering pleas before a trial, Erwood said.

The defendants are charged with misdemeanor violations of the Indio City Code by gambling or being present while gambling is going on.

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Press-Enterprise B-1
RIVERSIDE, CADate: 3/3/81
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Submitting Office:

Professional runs casino gambling

By DICK LYNEIS
Press-Enterprise Staff Writer

When John Paul Nichols was searching for someone to be in charge of gambling operations at the new Cabazon Indian casino on the edge of Indio, he said he didn't have to look far.

Nichols said he hired Rocco Zangari, 47, of Palm Springs, because "we were looking for someone experienced in gambling."

He was right. Zangari was arrested in 1966 by Palm Springs police on charges of bookmaking, but the charges were dropped

Rocco
Zangari



later. He also was involved in professional gambling from 1957 to 1972, including stints as pit boss for the baccarat tables at two casinos in Las Vegas.

Law enforcement agents have maintained an interest in Zangari since 1966, they said, because of his admitted acquaintance with Frank "The Horse" Buccieri, a Chicago crime syndicate figure who is a year-round Palm Springs resident, and with Vincent Dominic Caci, also of Palm Springs. Caci was identified as an organized crime figure by the 1978 California Organized Crime Control Commission.

The casino, owned by the Cabazon Indian tribe, was opened on Oct. 15, but was shut down three days later when it was raided by Indio police, who seized card tables and gambling paraphernalia and charged 102 persons with illegal gambling.

The Indians reopened the card room Nov. 14 after Los Angeles Federal Court Judge Laughlin Waters ruled the City of Indio could not enforce its anti-gambling laws until it was determined whether the city has jurisdiction over the casino, located on Indian reservation land.

A federal court trial, tentatively set for April 27 in Los Angeles, will determine whether Indian land is exempt from California's local option gambling laws. A dispute also exists about whether the building, which the Indians formerly operated as a tobacco shop, is in the city. The city maintains that the casino property, located adjacent to Interstate 10, was annexed several years ago; the Indians claim the annexation never was validated by federal authorities.

Nichols, projects manager for the Indian tribe, manages the Cabazon casino and Zangari runs the gambling operation, which is limited to card games. In cities that allow gambling, California law permits three card games — draw poker, 10-ball (a form of poker) and pan (panquingue), a card game resembling rummy. The casino rents card tables to players by the hour. Casino employees are not allowed to participate in the games.

Prosecution of the card play (See CASINO, Page B-2)

183A-1746-19

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Casino

(From Page B1)

ers who were arrested in the Oct. 18 raid has been delayed by Indio Municipal Court Judge Eugene Bishop until the federal court decides whether the gambling operation is legal.

Among the persons arrested was Thomas Marson, a Rancho Mirage resident who is on parole after serving a prison sentence for his role in the 1977 fraudulent bankruptcy of the Westchester Premier Theater in Tarrytown, N.Y. Associates of Marson in the theater included were Frank "Funzi" Tieri and the late Carlo Gambino, both organized crime leaders in New York, and Aladena "Jimmy the Weasel" Frattanno, the San Francisco mobster turned federal informer.

Law enforcement sources also have seen Caci at the Cabazon casino. When the state commission identified Caci, a New York native, as a member of organized crime, it described him as an associate of Michael "Mike Rizzi" Rizzitello of Los Angeles, who is regarded by law enforcement experts as one of the top six individuals in the Southern California organized crime structure.

A regular habitue of the cas-

no, according to Nichols, is former major league baseball manager Leo Durocher, who is retired and living in Palm Springs. Durocher, along with Zangari and Dr. Henry Baron of Sharon, Pa., were partners in a gambling license application in Coachella two years ago before voters there defeated a gambling ordinance in a referendum.

Zangari said he looks at poker and pinochle "more as forms of entertainment than gambling."

He said the casino, which draws people from as far as Riverside and San Bernardino, has 25 card tables, is open 24 hours a day and "is doing much better than we anticipated."

He said the peak days were Fridays, Saturdays and Sundays, when as many as 22 tables, involving almost 150 players, were in operation.

Zangari said he has no investment in the casino. "I'm an

employee that's all," he said. "I hired the personnel, and they all have good backgrounds, clean reputation and are good, honest people."

Thomas Hollenhorst, assistant district attorney for Riverside County, said: "There is no regulatory scheme set by the state to investigate or to insure that card casinos are insulated from criminal conduct. It's strictly up to local ordinances."

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Press-ENTERPRISE B-1
RIVERSIDE, CADate: 10/22/81
Edition:

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Submitting Office:

Indians' letter inadequate, attorneys for Indio claim

INDIO — Attorneys for the city of Indio say the Cabazon Indians have failed to show a federal judge where gambling revenues are going, as the judge had requested.

Cabazon attorneys last Friday filed a letter in U.S. District Court from George M. Johnson, a certified public accountant who is auditing the Cabazon Indian Casino's books.

The letter stated that the audit is in its preliminary stages and will take several months but, so far, there is no evidence that non-Indians are benefiting the most from the poker club.

Judge Laughlin E. Waters had asked the Indians for financial information about the club during a hearing in Los Angeles Oct. 5. At that time, Waters rejected the city's request to lift an injunction and shut down the Cabazon Indian Casino.

The auditor's letter "was not what he (Waters) asked for," Bill Cole, one of the city's lawyers, said yesterday.

"He wanted an accounting of where the money was going,"

Cole said a letter was sent to Judge Waters Tuesday informing him of the city's position.

There would be another hearing before Waters "only if he orders it," Cole said. "Otherwise we will expedite the appeal before the 9th Circuit."

The Indians are appealing Waters' decision last May that the poker club, located north of Interstate 10 next to the Happy Wanderer RV Park, is within Indio's boundaries and subject to its anti-gambling laws.

That ruling shut down the casino. Two weeks later the Indians got permission to reopen while their appeal is pending.

Peter Strong, one of the Indians' lawyers, insists that the auditor's letter complies with the judge's request.

Assertions that the small Indian band was losing money to outside consultants were made by a group of dissidents, including former Tribal Chairman Joe Benitez.

At the Oct. 5 hearing, Waters indicated he had been misled by current Chairman Art Welmas into believing that the Cabazons would be without medical insurance if the poker club folded.

Benitez informed the judge in a sworn statement that the tribe is entitled to coverage under the federal government's health program.

The Cabazon Casino opened last October and was shut down by Indio police. That raid prompted the federal lawsuit that at this stage, has been decided in the city's favor.

Waters, according to his secretary, "does not talk to reporters" about cases before him.

Press ENTERPRISE 10/22/81 B-1

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PRESS-ENTERPRISE
RIVERSIDE, CADate: 10/31/84
Edition:

Desert-Pass

Title: "Bingo gives Indian
riches, raises
regulation question"

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Classification:

Submitting Office: LA 182-3591

**Bingo gives Indians riches,
raises regulation questions**

183A-1746-21

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NOV 1984	
FBI - LOS ANGELES	
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Compiled from staff and wire reports

In December 1979, a Seminole Indian tribe opened a 1,300-seat bingo hall on its reservation in coastal Hollywood, Fla., offering regular game payouts of \$250 to \$1,000 and special jackpots approaching \$100,000.

Citing a state law limiting bingo jackpots to \$100, the Broward County sheriff tried to stop the games — and began a legal challenge that cleared the way for Indian tribes across the country to offer high-stakes bingo on reservations, where tribal sovereignty makes the games immune to state law.

In the past five years more than 80 bingo halls have sprouted on reservations from Florida to Maine to California, and about 25 of them are quasi-casinos that offer jackpots of up to \$1 million and bring in between \$100,000 and \$1 million a month.

Among California's Indian bingo halls, two operate in Riverside County and a third one is planned, and two offer nightly bingo games in San Diego County. The combined seating of the two counties' four active bingo halls — usually called "palaces" by their managers — is 6,650.

When the Soboba Indians open Riverside County's third hall some time around Christmas, that seating is supposed to climb by another 1,000. A fourth Riverside County Indian bingo parlor, with seating for 1,400, was closed Oct. 5 by U.S. marshals following a dispute and court battle with the tribal council.

The lure of bingo as a business enterprise for Indians is spawned by the same lure that draws thousands of people to the growing number of Indian bingo operations: money. The chance to make a relatively large amount of money for a relatively small investment is paying off for many tribal economies.

Tribes that formerly subsisted on federal handouts and money generated by selling trinkets, wrestling alligators or doing rain dances at tourist shows are pulling in millions in profits each year.

This has produced some Indian millionaires, like former Florida Seminole Tribal Chairman Howard Tommie, whose estimated \$25,000-a-month income from bingo and other businesses allows him to travel by chartered jet and take vacations in Monte Carlo.

Indian tribes in Riverside and San Diego counties generally have been tight-lipped about exactly how much money they have made.

The Barona tribe near Lakeside in San Diego County has realized about \$500,000 since opening its 650-seat hall in April 1983, Tribal Chairman Joe Welch said. The hall was expanded to seat 2,200 and offers \$35,000 to \$40,000 in prize money daily, seven days a week, Welch said.

The Morongo band of Mission Indians near Banning opened a new 2,000-seat tribal-approved bingo hall Oct. 1 after withdrawing sanction for a 1,400-seat parlor opened last February. Under the first agreement, the Morongo band was to receive 51 percent of the bingo hall's profits up to \$500,000, but only 5 percent of the profits after the \$500,000 mark was reached.

Under the Morongo band's arrangement with the new hall and its management, CBA Development Co. of Los Angeles, it is to receive 75 percent of the business's profits. But the Morongo leaders and their bingo hall operators have refused to say how much money bingo players have generated.

The Cabazon band of Mission Indians near Indio estimated first-year receipts would reach \$1 million when it opened a 500-seat hall in March 1983, but would not say what profits had been when the hall

was expanded to seat 1,000 near the end of last year.

The Soboba Indians near San Jacinto authorized a bingo center in September with seating for more than 1,000. Tribal Chairman Benny Helms said he was not sure what percentage of profits would go to the Sobobas under the 10-year contract with Indian Bingo Consultants, but that a tribal representative would be at the center daily to count receipts. The new bingo hall is to open in a \$1.5 million center shortly before Christmas.

The Sycuan Indian tribe near El Cajon in San Diego County authorized a 1,450-seat hall that opened in November 1983. Hall manager Jess Armendarez said that only tribal representatives could disclose how much money went to the Indians. Tribal representative Gloria Pinto said that information would have to come from the hall management, and official tribal spokesman Anna Sandoval was unavailable for comment.

The bingo money also has given the Indians new-found political clout. In Florida, the Seminoles have become the largest corporate political contributor, and in Arizona, Indian lobbyists defeated legislation aimed at stopping their high-stakes bingo games.

Federal officials say that most of the tribes that are flush with bingo profits are using the money responsibly, with some tribes more than making up for the Reagan administration's budget cuts by investing in schools, clinics and recreational facilities on the reservations, as well as in real estate, ranching and other businesses.

"I'm very proud of what the tribes have done with this money — they are not throwing it to the wind," said John Fritz, a deputy assistant interior secretary for Indian affairs. "We're going to have some sophisticated young Indians coming out of this thing."

The Cabazons said they wanted to use profits to create jobs and an industrial base. Soboba chairman Helms said tribe members would vote about the distribution of profits but that he hoped to pay tribal bills, make needed reservation improvements and possibly split any additional money among the approximately 200 adult members. A significant decline in unemployment has been cited by the Barona tribe in San Diego County.

But the explosion of high-stakes Indian bingo operations have state and federal law enforcement officials worried about being unable to police an industry that they believe already is attracting criminals and that is almost certain to bring in organized crime, if it's not involved already.

Riverside County officials tried to close its Indian bingo halls but were stopped after state and federal court actions.

"The large amounts of cash act as a magnet and a source of potential corruption," assistant U.S. Attorney General Mark Richard told a House committee in June. "In the area of Indian gambling, neither state nor federal law enforcement operates as an effective deterrent because of the complex network of reservation criminal law enforcement."

As Interior and Justice Department officials try to figure out how to regulate Indian bingo, the high-stakes operations continue to grow. Federal officials estimate it has become a \$175-million-a-year business, with the biggest profits coming from operations near such major urban areas as Los Angeles, San Diego, Minneapolis and Phoenix.

And Indian tribes are now studying a new way of expanding. The new way is a proposal by Duluth, Minn., and the Fond du Lac band of Ojibwas, whose reservation is outside Cloquet, Minn., to offer bingo in a vacant store that would have to be designated

as reservation land by the Interior Department.

A number of tribes are exploring the possibility of opening bingo halls within cities under similar plans.

The Bureau of Indian Affairs doesn't have an exact count of current bingo operations because, as sovereign governments, the tribes are not required to disclose their financial activities.

"We tried to put together a list and we got nowhere," said Hazel Elbert, deputy director of the BIA's office of Indian services. "They told us it was none of our business."

So efforts to regulate bingo have reached a stalemate. So far, the federal government has been unable to figure out how to react, apparently because bingo has grown so fast and federal bureaucracies by nature move slowly. The Indians are resisting federal regulation and trying to avoid publicity out of fear that the government will take away this new revenue.

"I would say the Indians are way ahead of the bureaucracy on the bingo issue," said Forrest Gerard, a former assistant interior secretary in the Carter administration who now lobbies for Indian interests. "But I can see how it is a tough issue to deal with in terms of policy."

The first federal response to Indian bingo came early last year from the Justice Department. The department proposed legislation to place Indian bingo under state control, which would have effectively killed the Indians' operations by removing their ability to offer huge jackpots.

Then Interior Secretary James Watt persuaded the White House Office of Management and Budget to scuttle the proposal. He argued that it contradicted President Reagan's 1983 edict that Indians should improve their lot through free enterprise instead of depending on the government dole.

In cases in Florida and California, the courts have ruled that bingo on Indian reservations is immune from laws in the 43 states that regulate bingo through civil statutes. In states that prohibit bingo by making it a criminal offense, the courts have ruled that the Indian games are illegal.

Late last year, Rep. Morris Udall, D-Ariz., chairman of the Interior Committee, introduced a bill to give federal officials some control of Indian bingo by mandating a yearly financial audit and requiring any contracts with management firms to be approved by the interior secretary. The bill failed.

"The tribes were accepting some pretty raw deals and we thought there should be some protection in the law," said Frank Ducheneaux, a Udall aide.

Many of the current bingo operations are managed by outside firms that put up much of the capital to build the bingo halls and then take just under 50 percent of the profits. On several reservations, the management firms don't even allow the tribes to examine the financial records of the bingo operation, according to Justice Department officials.

Law enforcement officials fear that some bingo managers have been skimming profits. But neither federal nor local police have authority to examine the books because the managers can hide behind the Indians' sovereignty.

For example, a federal grand jury in Fort Lauderdale, Fla., was turned down in 1980 when it tried to subpoena Seminole bingo hall records in response to a probe by members of the federal Organized Crime Strike Force.

Worries about organized crime infiltrating the bingo operations last year led Arizona Attorney General Bob Corbin to seek a state law making it illegal for non-Indians to play Indian bingo in the state. The bill died when the tribes proposed to evade the law by making bingo players honorary Indians.

"I am not opposed to the Indians doing this stuff, I am just concerned about these private individuals and management corporations going in and making money off something you can't do off the reservation," said Corbin. "I think somebody should have some jurisdiction on the reservation."

"Every time a tribe finds a way to make money, someone finds a way to curtail it," said spokesman Elmer Savilla of the National Tribal Chairmen's Association. "All this talk by law enforcement people is just a smoke screen."

For a year, a task force of Indian leaders has been studying how to place some control on bingo, as has a separate group of Interior and Justice officials. Participants say neither group seems ready to offer any concrete proposals because the Indians like things as they are and the Reagan administration doesn't want to expand federal regulatory responsibility.

"Somebody's got to do it," Fritz said. "Maybe the tribes can do it through an independent commission. The Bureau of Indian Affairs really can't do it. We are more of a service agency."

Fritz and others said that they expect an Indian commission on gambling — which would license bingo operations and have the power to examine financial records and the backgrounds of anybody involved — will be established once Congress and state governments apply enough political pressure.

With more and more of the nation's 288 Indian reservations setting up bingo operations, this political pressure is expected to grow as local charitable organizations see a threat to their small bingo games.

The focus will be on the federal government. That is because prior legal challenges have indicated that the only way a state government could strike back would be to prohibit bingo entirely (which would anger charitable groups) or to take the lid off bingo jackpot limits (which could be a nightmare for law enforcement officials).

"Somebody's going to force our hand, either through legislation or litigation," Fritz said. "We must come up with a regulatory mechanism quicker than we like."

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RIVERSIDE, CA PRESS ENTERPRISE

Date:

MAY 19, 1981

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Submitting Office:

Indians can reopen cardroom

By MIKE KATAOKA
Indio Coachella Bureau

The same federal judge who forced the Cabazon Indians to fold their cardroom May 4 has allowed it to reopen while they take their case to a higher court. The Cabazons will be able to resume operations once they post a \$20,000 bond required by the court.

John Paul Nichols, cardroom manager, said the bond should be posted today with the reopening, either Thursday or Friday.

U.S. District Court Judge Laughlin E. Waters' ruling yesterday represented a partial victory for the Indian band because he refused to reverse his previous ruling that supported the city of Indio's position.

The judge two weeks ago issued a summary judgment which established that the city's anti-gambling laws do apply to the Cabazon Indian Casino north of Interstate 10 next to the Happy Wanderer Park.

Waters' ruling caused the immediate shutdown of the cardroom, which the Indians say is the principal source of tribal income.

According to Bill Cole, a Los Angeles attorney who represented the city at yesterday's hearing, it was the economic effect of the shutdown that convinced the judge to grant the injunction.

The court recognized it was in a difficult position authorizing criminal conduct," Cole said. "But it did not want to close it down completely based on the tribe's declarations of the economic impact of such an action," he said.

When Arthur Welmas, tribal chairman, announced May 5 that the judge's ruling would be appealed, he said the loss of cardroom revenue would eliminate their health insurance program.

Welmas also said at that time that the tribe would fall behind on construction loan payments without that revenue. The building cost nearly a half-million dollars to convert from a smokeshop to a cardroom and restaurant.

Cole said a condition of the injunction is that the Ninth Circuit Court of Appeals be asked to move rapidly on the Cabazon case.

Usually appeals take a year or two to reach the appellate court, he said. If the Court of Appeals agrees to hear the case early, it still could take up to a year, he said.

Cole argued that the injunction is unjustified because there is little likelihood of a successful appeal.

"The effect of the injunction authorizes the commission of a crime," he said.

But Peter Strong, the Indians' attorney, submitted evidence that not granting the injunction would result in irreparable harm to the Indians.

Strong based his motion for the judge to vacate his ruling on in an Arizona case.

In that case, a district court ruled against the White Mountain Apaches in an issue involving hunting and fishing rights.

The Court of Appeals sent that case back to the district court for reconsideration.

Strong contended that the Arizona case and a similar Washington state case had parallels with the Cabazon case in that it pitted tribal law against state law.

Judge Waters, however, agreed with Cole that those cases were inapplicable to the gambling dispute in Indio.

The cardroom opened last Oct. 15 and was raided by Indio police three days later. That raid, which resulted in 102 citations for illegal gambling, resulted in the Indians' lawsuit which brought the matter to federal court.

Judge Waters initially refused to grant a temporary restraining order to allow the cardroom to reopen. But following a hearing Nov. 6, the judge issued a preliminary injunction that prevented the city from making further raids until the dispute was settled in a trial.

A trial was averted when both sides agreed to the facts, allowing Waters to make a legal judgment May 4.

The District Attorney's case against those cited in the raid is being delayed until the appeal is decided.

183A-1746-32

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NOV 1981	
FBI - LOS ANGELES	
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(Mount Clipping in Space Below)

Indio police search Indians' cigarette sales records in fraud probe

By MIKE KATAOKA
Indio Coachella Bureau

INDIO — Indio police yesterday searched the records of the Cabazon Indians as part of an investigation into possible fraud in the tribe's defunct mail-order cigarette business.

Police Chief Sam Cross said the search was aimed at the cigarette sales and not the controversial cardroom operation that his department has tried to shut down.

But Cabazon officials had their suspicions about the police department's intentions.

"It's a real classic example of harassment," said John Nichols Sr., a sociologist who has served as a business consultant for the tribe.

"What they want to do is look in the books, fish around and see what they can find," he said. Nichols said he suspects that police really are seeking information about the cardroom and other Cabazon business ventures.

Cross denied any such motive, saying his officers simply are responding to numerous complaints from all over the country.

Since the first of the year, there have been "at least 30" people who have complained that their orders for cigarettes were not filled and no refunds were made, Cross said.

Nichols' son, John Paul, ran the smokeshop until its demise.

"We just went broke," the younger Nichols said.

"Obviously, creditors get hurt," he said.

The Cabazons went into the cigarette business in May 1979 opening a smokeshop in a trailer on reservation land north of Interstate 10 next to the Happy Wanderer RV Park.

Until June 1980, Indians could sell cigarettes at bargain prices because no tax was imposed.

But the U.S. Supreme Court ruled that month that Indians do not have the right to prevent local and state governments from collecting taxes on cigarettes sold to non-Indians.

The Cabazon smokeshop, which had enjoyed booming business, was forced to shut down in September following a state crackdown on supply shipments.

For the next three months, they tried to sustain a mail-order cigarette business but with no luck.

Meanwhile, a San Bernardino attorney is on the verge of filing a bankruptcy action on behalf of Cabazon Indian Reservation Sales Inc., which was the corporation that ran the cigarette sales.

Norman Hanover is preparing a Chapter 7 bankruptcy case for filing by next week in the U.S. Bankruptcy Court, Central District in San Bernardino.

The procedure involves the court appointment of a trustee and a review of any assets for

(Indicate page, name of newspaper, city and state.)

PRESS ENTERPRISE
RIVERSIDE, CA

Date: 8/6/81

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Submitting Office:

liquidation. Taxes would have first priority on the assets, according to a staff member in Hanover's office.

The bankruptcy proceedings should take about four months. There are about 3,000 creditors involved.

John Paul Nichols said the remaining inventory from the defunct smokeshop is worth around \$40,000.

The elder Nichols said the police search is unnecessary if the real intent is to obtain records pertinent to the mail-order business.

"That information will be public record once the bankruptcy papers are filed," he said.

"For them to come in and make a criminal investigation in the middle of the (bankruptcy) court thing is beyond due process," Nichols Sr. said.

The search warrant issued by Municipal Court Judge Philip LaRocca and served yesterday morning seeks financial statements, letters, receipts, shipping orders and bank documents.

Police searched the Cabazon Casino for some of the papers and continued the search at the tribal office on Requa Street for most of the day.

John Paul Nichols and tribal chairman Art Welmas yesterday met with attorney Merrill Brown to determine what the next move will be.

183A-1746-23

SEARCHED	INDEXED
SERIALIZED	FILED
NOV 1984	
FBI — LOS ANGELES	

RJA

FBI/DOJ

(Indicate page, name of newspaper, city and state.)

(Mount Clipping in Space Below)

Date:

Edition:

Title:

Character:

or

Classification:

Submitting Office:

Brown said he had to get a court order to see the affidavit filed by the police department to justify that warrant.

"Sounds like a roust," he said. Brown agreed with the Nicholises that the search appears to be related to the cardroom operation despite the police denials.

According to the affidavit obtained by Brown, police already have seized bank records of the Cabazon Indians and have received approximately 100 complaints regarding mail order sales of cigarettes.

The affidavit identifies four buyers who each ordered 20 cartons of cigarettes and paid \$99.80 each. None received the cigarettes or refunds.

Brown said the police cited a violation of a Business and Professions Code section in the affidavit but he has questioned whether that section applies to cigarette sales.

John Paul Nichols said he will consult with attorney Hanover to see if the search warrant can be quashed for being overly broad.

Tribal chairman Welmas criticized the city for directing so much effort "against our tiny tribe."

"They should spend the city's money to where it would be better utilized, the senior citizens or the youth."

"The police should be catching criminals instead of harassing us. We're not bothering nobody," Welmas said.

183A-1746-24

SEARCHED	INDEXED
SERIALIZED	FILED
NOV 1984	
FBI — LOS ANGELES	
PJA	

(Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.)

PRESS ENTERPRISE
RIVERSIDE, CA

Date: 8/12/81

Edition: DESERT B-2

Title:

Character:

or

Classification:

Submitting Office:

Cabazon Tribe calls search illegal, asks court to suppress items taken

INDIO — The Cabazon Indians claim the police seizure of documents and records Aug. 5 was illegal, and have asked the court to suppress part of what was seized and return the rest.

Their attorney, Merrill Brown, in a motion filed yesterday in Municipal Court, argues that the search warrants used by Indio police were issued without reasonable cause.

A hearing on his motion is set for Aug. 19 at 9:30 a.m.

Police Chief Sam Cross said the search was part of an investigation into possible mail fraud by the Cabazons in connection with their defunct mail-order cigarette business.

The Indians claim police officers took records and documents unrelated to the cigarette sales. They suspected that the search actually was tied to the Cabazon cardroom, which remains open under a federal court injunction.

Brown, an Indio attorney, cites three reasons

why the seizure was unlawful and the warrants lacked sufficient justification.

✓ The affidavit in support of the warrant states that the Cabazons are suspected of violating Section 17538 of the Business and Professions Code — a misdemeanor, not a felony as stated in the affidavit by Officer Frank A. Luna. (Section 17538 declares that it is illegal to accept money for mail order delivery and then permit six weeks to elapse, unless an ad states otherwise, without making delivery or a full refund.)

✓ Cigarettes are not "tangible chattels" within the meaning of that code section.

✓ The property seized went beyond the scope of the warrants, resulting in the taking of property unrelated to probable criminal activity.

Cross said the police department has received complaints from across the country from people who ordered and paid for cartons of cigarettes but received neither goods nor refunds.

The Cabazons' business consultants say the cigarette sales venture went broke in December and bankruptcy proceedings are pending.

Brown's motion is directed to Chief Cross and District Attorney Byron Morton, whose office helped prepare the warrant.

Brown also is representing 102 people who were cited for illegal gambling at the Cabazon cardroom as a result of a police raid when the operation began in October.

The city of Indio won its case at the federal court level when a district judge ruled that local anti-gambling laws can be enforced at the cardroom. But the same judge is allowing the cardroom to remain open while the Cabazons appeal his ruling.

The prosecution of those arrested last year is being delayed until October to await the outcome of the appeal.

Memorandum



To : SAC, LOS ANGELES (182-3591)

Date 11/2/84

From : SA [REDACTED]

b6
b7C

Subject : INDIAN BINGO

Attached for the above file (Riverside County Gambling Dead File) are various newspaper articles covering BINGO operations operated on Indian reservations. For indexing purposes it is requested that the following names be indexed:

INDIAN BINGO

MORONGO BAND OF THE MISSION INDIANS, BANNING, CALIFORNIA

CABAZON BAND OF THE MISSION INDIANS, INDIO, CALIFORNIA

SOBOBA INDIANS, SAN JACINTO, CALIFORNIA

JOHN PAUL NICHOLS

MISSION INDIANS

b6
b7C

PJA/PJA
(1)

INDEX ABOVE
Names 183-1746-25

SEARCHED	INDEXED
SERIALIZED	FILED
NOV 5 1984	
FBI - LOS ANGELES	

[REDACTED]

(Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.)

PRESS ENTERPRISE

RIVERSIDE, CA P. B-3

Date: 3/21/85

Edition:

Title: "Reservations bingo-related games are declared illegal"

Character:

or

Classification:

Submitting Office: LA 183-1746

Reservation bingo-related games are declared illegal

SAN DIEGO (AP) — Three bingo-related games offered at the Sycuan Indian Bingo Palace until a raid last summer by sheriff's deputies were declared illegal forms of gambling yesterday by a Municipal Court judge.

The ruling by Judge Nicholas Kasimatis clears the way for a Sept. 24 trial of Donald Valverde, who is accused of running a lottery and illegal gambling.

Valverde is the general manager of Pan American Management Co., which manages the high-stakes bingo games offered at the Sycuan Indian reservation seven miles east of El Cajon.

Kasimatis, saying he was taking a narrow traditional view of bingo, ruled that "Horse Race Bingo," "Bingo-Jack" and "Do-It-Yourself Bingo" are more like keno and blackjack than bingo. (The Indian bingo operations in Riverside County are not believed to offer similar games.)

Gambling on keno, blackjack and other casino-type games is prohibited under California law, although the games are legal in Nevada and Atlantic City, N.J.

Sycuan attorney Howard Frank had argued that the three

games fell within the guidelines of a state law that defines bingo games. Judge Kasimatis rejected the argument, saying Frank's interpretation of the state statute was too broad.

The case stems from a raid last August on the upstairs lounge of the Sycuan's bingo palace. San Diego County sheriff's deputies confiscated three truckloads of gaming tables, equipment, cash and financial documents during the raid.

Misdemeanor citations originally were issued to 21 people. All later were dropped except the one against Valverde, whose preliminary hearing provided a way for the two sides to argue the legal issues in the case.

The raid did not involve the main bingo lounge at the Sycuan reservation.

Indians won the right to offer high-stakes bingo games on reservation land under a U. S. Supreme Court decision in 1983.

The high court found that California gaming laws are regulatory rather than criminal laws and thus do not apply on Indian reservations where the tribal council is the sovereign governing body.

183A-1746-26

APR 25 1985

APR 25 1985



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(Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.)

PRESS ENTERPRISE

RIVERSIDE, CA P. B-1

Date: 3/31/85

Edition:

Title: "Appeal ruling could affect Indian bingo operations nationwide"

Character:

or

Classification:

Submitting Office: LA 183-1746

Appeal ruling could affect Indian bingo operations nationwide

County, state seek power to enforce gambling laws

By GEORGE ROONEY
Press-Enterprise Staff Writer

The federal rights of self-determination cited by two Indian tribes in conducting high-stakes bingo games in Riverside County are outweighed by California's right to prohibit commercial gambling and its accompanying problems, such as organized crime, a federal appellate court brief asserted.

The brief was filed March 22 in the U.S. 9th Circuit Court of Appeals in San Francisco by attorneys for Riverside County and the state attorney general's office.

The county and state are appealing a federal district court ruling of last year upholding the right of the Morongo and Cabazon Indian bands to conduct bingo games on their reservations near Banning and Indio. The Cabazons also operate a poker club.

Judge Laughlin E. Waters in November granted injunctions sought by the two tribes, prohibiting Riverside County and the state from enforcing county and state laws against commercial gambling.

Responses by the tribes to the appeal brief filed by the state and county are due April 26. Oral arguments are tentatively scheduled for late June.

The case is the only one involving Indian bingo now in the federal appellate court process, said Deputy Attorney General Roderick E. Walston, the primary author of the state-county brief.

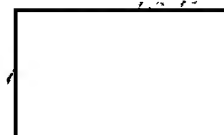
"We believe this will be the definitive case on Indian bingo," Walston said, because its outcome could affect Indian gaming operations nationwide. The principle goes beyond California.

According to the appellate brief, there are 12 Indian bingo halls operating in California, including three in Riverside County. In addition to the Morongo and Cabazon operations, the Soboba Band of Mission Indians operates a bingo hall on its reservation near San Jacinto. The federal Department of Interior reported last year that about 80 tribes are conducting high-stakes bingo games nationwide.

Indian bingo operations in California were legalized by a December 1982 ruling by the 9th Circuit Court. In that case, the court ruled that San Diego

183A-1746-27

APR 1 1985



b6 /COJ
b7C

County could not enforce its anti-gambling law against a bingo hall operated by the Barona Indian tribe.

Riverside County and the attorney general's office are now asking the same court in effect to overrule its decision in the Barona case.

Walston said he believes there have been a couple of legal developments since then which would justify the court's overturning of the Barona case.

One is a 1983 decision by the U.S. Supreme Court in the case of Rice vs. Rehner, which gave California the right to tax liquor sales on Indian reservations in the state.

The other, Walston said, is a 1983 ruling by the Maine Supreme Court which gave that state the right to regulate bingo games on the Penobscot Indian Reservation. The U.S. Supreme Court refused to hear an appeal of that decision.

"The U.S. Supreme Court in recent years has focused on balancing the state and federal interests in regulating business activities on Indian reservations," Walston said, "with a trend toward strengthening the rights of states."

The main argument in the Barona case was whether federal Public Law 280, passed in 1953, applied to Indian reservations. The law provides that the criminal laws of some states, including California, have the same force on Indian land as elsewhere.
(See BINGO, Page B-3)

Bingo . . .

(From Page B-1)

where in the state. The court ruled that the bingo games conducted by the Barona tribe came under California's civil, rather than criminal laws.

The appeal brief written by Walston contends the high-stakes bingo operated by Indian tribes should be subject to California criminal, not civil, law. California law allows bingo only for charitable purposes, with maximum jackpots of \$250. Indian bingo operations offer cash awards of thousands of dollars, as well as "huge prizes" such as cars and boats, according to the brief.

Most Indian bingo operations, including those on the Morongo and Cabazon reservations, are operated by non-Indian contractors. The contractors generally receive a share of the business profits.

The appeal brief makes two arguments not considered in the Barona decision: the "particular" interests of the state, federal government, and Indian tribes in the bingo operations; a test applied by

the U.S. Supreme Court in its ruling on taxing reservation liquor sales in California; and whether the operations violate the federal Organized Crime Control Act.

The brief claims that "since the tribes here sell bingo games to non-Indian buyers, the balance of interest weighs in favor of state and local laws."

The 46-page document includes numerous references to the possibility of organized crime involvement in Indian reservation bingo games. Walston said the state has no direct knowledge of organized crime involvement in a particular Indian bingo operation, but "we think the possibility exists and it's a very strong possibility."

"The primary purpose for California trying to apply its anti-gambling laws here is to prevent organized crime involvement."

The brief claims that tribal decisions "authorizing commercial gambling that is not controlled or regulated by state or local authorities provides both incentives and opportunities for organized crime."

"The tribal interest is purely financial, and no other tribal in-

terest is at stake. The tribal tradition does not encompass commercial gambling, particularly where predominately non-Indian participants are involved."

"The Indian tribes of California simply lack the law enforcement capability to ensure that the games will not be controlled by organized crime."

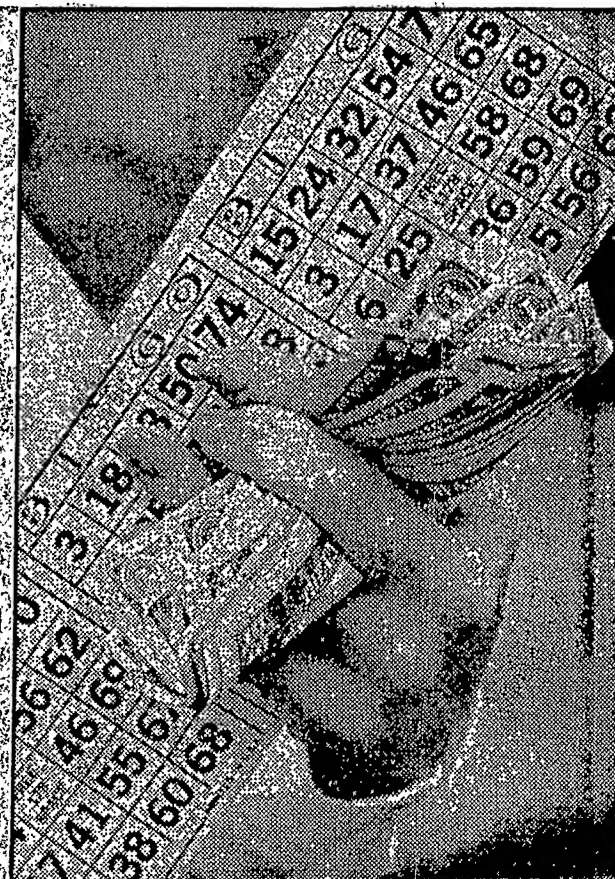
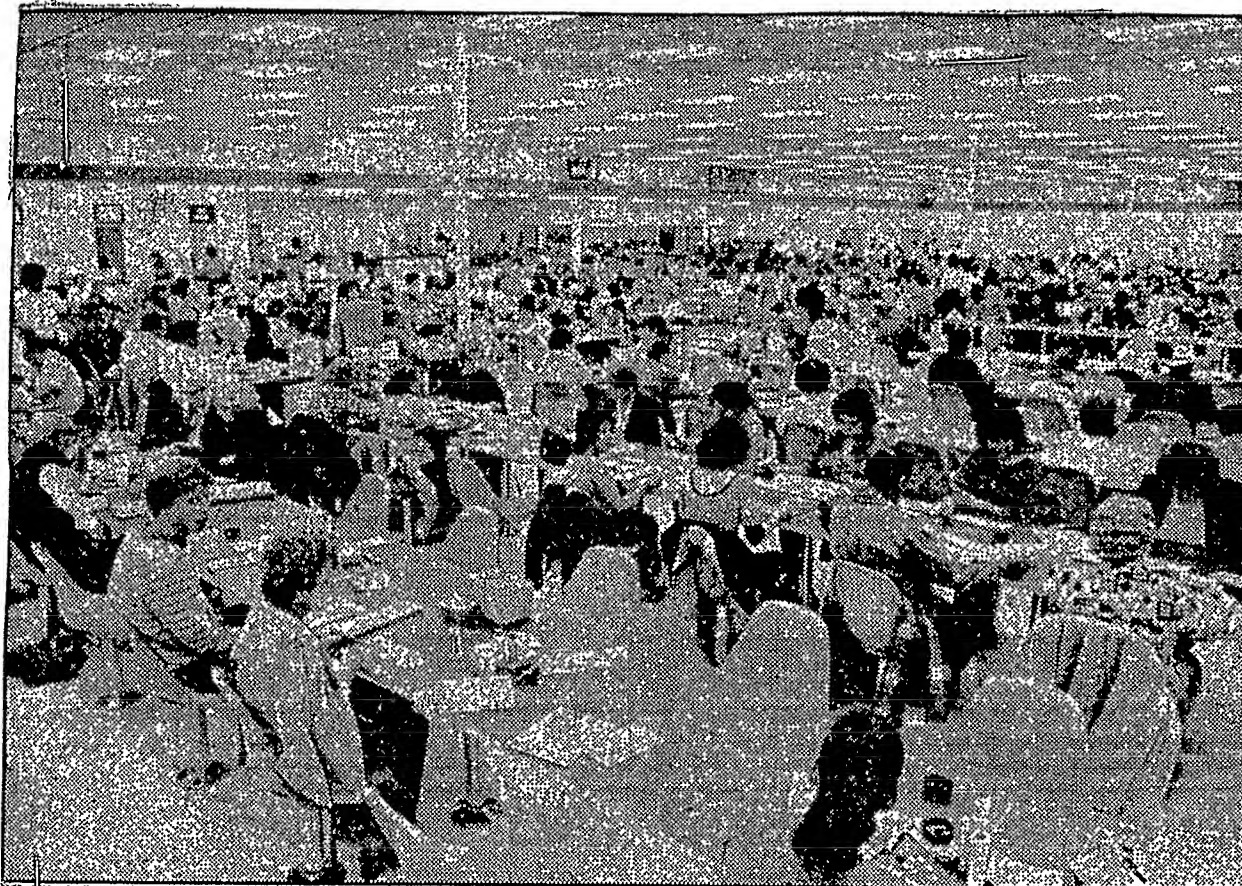
"Many other tribes in California are planning to conduct high-stakes bingo games if the plaintiffs prevail here. In that event, California will likely become dotted with islands of Indian commercial gambling activity, operating outside the pale of state law and catering to non-Indians who cannot lawfully gamble elsewhere. California, observing the experience of its sister state of Nevada, has consciously chosen not to adopt Las Vegas-style gambling as a way of California life."

The brief cites testimony by the U.S. Department of Justice in opposition to a bill proposed last year by U.S. Rep. Morris Udall (D-Ariz.), which would have permitted gambling on Indian reservations under the regulation of the Department of Interior. The bill did not pass.

According to the brief, the Department of Justice testified that the "basis" of its opposition to the bill "is the attraction that all lucrative gambling operations have for organized criminal elements. The large amounts of cash act as a magnet and a source of potential corruption. The opportunities for 'skimming' and 'laundering' are enormous."

The county and the attorney general's office have asked the 9th Circuit Court for an "en banc" hearing on the appeal, which would have the appeal heard by all of the court's 26 judges instead of the normal three-judge panel. The request must be approved by a majority of the judges for the en banc hearing to occur.

The motion for the special hearing said it was justified on grounds that a decision by the entire court would "secure uniformity of decisions" by the state and federal courts, and that the case "presents issues of exceptional importance." The motion contends that with the growth of Indian gambling ventures across the country, "the issues arising here are of national importance."



Staff photos by A. J. Kmiecik

Opening night at Riverside County's newest Indian bingo hall on the Soboba Reservation found crowds of players with plenty of money.

(Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.)

Date:

Edition:

Title:

Character:

or

Classification:

Submitting Office:

Indexing:

Tribes' Plan for 'Satellite' Bingo Game Challenged

AUBURN, Wash. (UPI)—A \$1-million bingo game that Indian tribes in three states plan to conduct among themselves via satellite is getting the attention of authorities who say the interstate scheme may be illegal.

A spokesman for the Muckleshoot Indians in Auburn said the bingo bonanza among tribes in Washington, California and Florida is scheduled for May 4.

Satellite-linked television transmissions would allow players in the three states to compete in the six-hour event for prizes ranging from \$10,000 to \$250,000.

The Washington Gambling Commission, the U.S. attorney's office and the California attorney general's office have indicated they are investigating the plan.

Rudolf Corona, a California deputy attorney general, said he believes the game would be illegal because it would violate federal regulations prohibiting interstate transmissions of lottery or gambling information.

He also said authorities fear that Indian reservations could become miniature gambling sites with little or no regulation if bingo and similar schemes are allowed to continue.

But Indian spokesman Tony Herrera, who is business manager of the Muckleshoot tribe, said in Auburn that attorneys for the Seminole Indians in Tampa, Fla., and the Sycuans in San Diego have concluded the satellite game would not violate laws.

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LA Times 4-1-85

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(Indicate page, name of newspaper, city and state.)

(Mount Clipping in Space Below)

Date:

Edition:

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Character:

or

Classification:

Submitting Office:

Indexing:

LA TIMES

FINAL EDITION

4-16-85

Part 1, Page 2

LA 183-1746

The Region

Indians Win Bingo Fight

State-mandated bingo laws cannot be enforced by Riverside County sheriff's deputies on the Soboba Band of Mission Indian reservation near Hemet, U.S. District Judge Laughlin Waters ruled in Los Angeles. Waters said he granted the preliminary injunction, despite reservations about recent appellate court rulings concerning Indian-sponsored bingo. The Indians contend that they have the right to stage bingo games on the reservation under federal law, without state regulations. The state restricts items like payoffs, frequency of games and use of bingo-generated funds. The Bingo Palace in Hemet is providing sorely needed jobs for the Indians, argued attorney Harrison Hertzberg, representing the Sobobas. Waters said he disagreed with appellate court rulings regarding the rights of Indians on their reservations, suggesting that the courts "had made a mess of it." "But it's the law, judge," Hertzberg countered.

183A-1746-29

APR 25 1985

b6
b7C
FBI

FBI

TRANSMIT VIA:

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☐ Facsimile
☒ Airtel

PRECEDENCE:

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CLASSIFICATION:

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☐ SECRET
☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 4/22/85

TO: DIRECTOR, FBI
 FROM: SAC, LOS ANGELES (183-1746) (OC-1) (P)
 SUBJECT: BINGO - INDIAN TRIBAL LAND
 OO: Bureau

PAN AMERICAN
 MANAGEMENT INCORPORATED;
 CIR - GAMBLING
 OO: Tampa

Reference Los Angeles teletype to the Bureau dated 3/21/85.

Enclosed for the Bureau are two copies each and for Tampa Division one copy each of four newspaper articles recently appearing in Los Angeles area Newspapers. The articles are more accurately described as follows:

A. Article from the PRESS ENTERPRISE, Riverside, California, 3/21/85.

B. Article from the PRESS ENTERPRISE, Riverside, California, 3/31/85.

C. Article from the LOS ANGELES TIMES, 4/1/85.

D. Article from the LOS ANGELES TIMES, 4/16/85.

The above enclosures are self explanatory relative to the activities of the Indians as to their conducting of bingo games on Indian reservations. As noted, the Indians are possibly planning

4 - Bureau (Enc. 8)
 2 - Tampa (Enc. 4)
 ④ - Los Angeles
 2 - 198D-91

AS/gmf
 (10)

- 1 -

Approved: _____ Transmitted _____ Per _____
 (Number) (Time)

b6
 b7C

see serials 26-29

183A-1746-30

LA 183-1746

a large scale bingo game on 5/4/85 as reflected in the article of 4/1/85.

Additionally, the most latest ruling by the U.S. DISTRICT COURT at Los Angeles, California, as reflected in the article of 4/16/85, reflects that the Indians have the go ahead to continue their bingo games on Indian reservations.

Above for information of the Bureau and Tampa Division.

(Mount Clipping in Space Below)

High-stakes Indian bingo brings laws into collision

By GEORGE ROONEY
Press-Enterprise Staff Writer

In December 1979, the Seminole Indians opened a high-stakes bingo hall in Hollywood, Fla., in defiance of Broward County authorities. The opening of the nation's first Indian bingo hall came hours after a federal judge ruled that local authorities could not interfere with the operation.

Today, an estimated 90 of the 263 Indian tribes recognized by the U. S. government conduct bingo games.

The collision between local and federal laws that characterized the Seminole venture has been repeated many times and continues today in Riverside County, where three Indian bands have opened bingo halls.

California law allows bingo for charitable purposes only and limits jackpots to a maximum of \$250. A Riverside County ordinance carries the same restrictions.

Analysis

Although litigation is continuing, the federal courts thus far have ruled that those anti-gambling laws do not apply on Indian reservation land, which is held in trust by the federal government.

In Riverside County, bingo players who want to try for big money instead of settling for \$250 at the neighborhood church or American Legion hall, can go to Indio, Banning or San Jacinto, where high-stakes games are operated on the Cabazon, Morongo and Soboba Indian reservations.

At the Morongo hall, a typical Indian bingo operation, a player can play 15 separate \$1,000 prize games for one \$20 admission fee. For additional money, players at the Morongo hall this weekend could play special games offering prizes of \$38,000, \$56,000 and \$66,000.

In claiming sovereignty to conduct the games outside local laws, tribal governments have argued that high-stakes bingo brings needed money and jobs to Indian reservations, many of which are plagued by poverty and high unemployment.

In most cases, Indian tribes have contracted with non-Indian management companies to run the games. The management companies often build the bingo halls as well, and then split the profits with the tribes.

Law enforcement authorities estimate that the high-stakes bingo halls generate millions of dollars annually, and claim most of the money goes to the contractors, instead of the Indians.

"I don't think you can find a single tribe in California that is getting significant revenue," Rudolf Corona Jr., a California deputy attorney general said. "That just doesn't exist."

Fifteen Indian tribes now conduct bingo in California, and more are planning to do so, according to Corona.

Federal and state authorities also have charged that the large volume of money handled by the bingo halls attracts organized

(See BINGO, Page B-2)

(Indicate page, name of newspaper, city and state.)
PRESS ENTERPRISE

Riverside, CA P. B-1

Date: 4/21/85
Edition: Desert-PASS

Title: High-stakes Indian
Bingo brings laws into
collision

Character:

or

Classification:

Submitting Office: LA 183-1746

183A-1746-31

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APR 24 1985



b6
FBI/DOJ b7C

Bingo . . .

(From Page B-1)

crime elements to those operations.

The Cabazon, Morongo and Soboba bingo halls are operating under federal court injunctions, which bar Riverside County from enforcing its anti-gambling ordinance on the reservations.

The county and the state Attorney General's Office are appealing a U. S. District Court ruling in November upholding the rights of the Morongo and Cabazon Indians to conduct bingo.

The case is the only one involving Indian bingo now in the federal appellate court process, said Deputy Attorney General Roderick E. Walston, the primary author of the state-county brief filed last month with the U. S. 9th Circuit Court of Appeals.

"We believe this will be the definitive case on Indian bingo," said Walston, because its eventual outcome could affect Indian gaming operations nationwide. "The principle goes beyond California."

Corona says, "a lot of states are looking to us on this issue. It is a national problem."

The 9th Circuit Court ruled in December 1982 that San Diego County could not enforce its anti-gambling law against a bingo hall operated by the Barona Indian tribe. That ruling, issued by a three-judge panel, was cited by the three tribes in obtaining injunctions against Riverside County.

Riverside County and the At-

torney General's Office now are asking the same court in effect to overrule its decision in the Barona case. They are seeking an "en banc" appeal hearing by all of the court's 26 judges, instead of the normal three-judge panel.

The main argument in the Barona case was whether federal Public Law 280, passed in 1953, applied to Indian reservations. The law provides that the criminal laws of some states, including California, have the same force on Indian land as elsewhere in the state. The court ruled that the bingo games conducted by the Barona tribe came under California's civil, rather than criminal, laws.

The appeal brief filed by county and state contends that the high-stakes bingo operated by Indian tribes should be subject to California criminal, not civil, law. It claims that "since the tribes here sell bingo games to non-Indian buyers, the balance of interest weighs in favor of state and local laws."

Walston contends that two recent court decisions would justify the appellate court's overturning of the Barona case. One is a 1983 decision by the U. S. Supreme Court that gave California the right to tax liquor sales on Indian reservations in the state. The other is a 1983 ruling by the Maine Supreme Court that gave that state the right to regulate bingo games on the Penobscot Indian Reservation. The U. S. Supreme Court refused to hear an appeal of that decision.

The appellate brief claims that tribal decisions "authorizing commercial gambling that is not controlled or regulated by state or local authorities provides both incentives and opportunities for organized crime. . . . the Indian tribes of California simply lack the law enforcement capability to ensure that the games will not be controlled by organized crime."

While it would seem the county and state face a difficult task in asking a federal court to

overturn one of its own decisions, Walston said he believes the appeal has merit, and is a good candidate for an eventual hearing by the U.S. Supreme Court. He said the "Supreme Court in recent years has focused on balancing the state and federal interests" in regulating business activities on Indian reservations, "with a trend toward strengthening the rights of states."

The issue of Indian bingo has been debated in Congress, as well as the courts.

Rep. Morris Udall, D-Ariz., introduced a bill last year that would have permitted high-stakes Indian bingo, subject to regulation by the Secretary of the Interior.

The bill failed to pass, but Udall, chairman of the House In-

terior Committee, introduced similar legislation earlier this month. The bill would restrict the earnings of non-Indian management companies contracted to run Indian bingo halls to no more than 40 percent of the bingo profits.

A similar bill has been introduced by Sen. Dennis DeConcini, D-Ariz.

A California congressman, Rep. Norman Shumway, R-Stockton, plans to introduce a bill soon that would require Indian bingo operations to comply with state regulations. He introduced the same bill in October. At that time, Shumway said that "Indian communities have taken unfair advantage" of their sovereignty by conducting commercial gambling ventures banned in most states.

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☐ SECRET
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☐ UNCLAS

Date 4/24/85

TO: DIRECTOR, FBI

FROM: SAC, LOS ANGELES (183-1746) (OC-1) (P)

SUBJECT: BINGO - INDIAN TRIBAL LAND
 OO: Bureau

PAN AMERICAN
 MANAGEMENT INCORPORATED;
 CIR - GAMBLING
 OO: Tampa

Reference Los Angeles airtel to the Bureau dated
 4/22/85.

Enclosed for the Bureau are two copies and for Tampa and San Diego Divisions, one copy each of a newspaper article recently appearing in a Los Angeles area newspaper. The article is more accurately described as follows:

A. Article from the PRESS ENTERPRISE, Riverside, California, 4/21/85, captioned "High Stakes Indian Bingo Brings Laws Into Collision".

The above enclosure is being furnished for information of the Bureau and receiving offices. It is noted that the State of California is appealing the U.S. District Courts ruling allowing the Indians to conduct bingo.

The article also notes that some legislation has been introduced in an effort to stem this commercial gambling activity on Indian Reservations.

4 - Bureau (Enc. 2)
 2 - Tampa (Enc. 1)
 1 - San Diego (Enc. 1) INFO
 ④ - Los Angeles
 (2 - 198D-91)

AJS/gmf
 (11)

- 1* -

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(Time)

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183A-1746-32

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(Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.)
PRESS ENTERPRISE
Riverside, CA P. B-1
Date: **5/3/85**
Edition: **Desert-Pass**

Title: **"Indians claim state has no right to ban bingo, but allow race bets"**

Character:
or
Classification: **LA 198D-91**
Submitting Office: **LA 183-1746**

Indexing:

Indians claim state has no right to ban bingo, but allow race bets

By **GEORGE ROONEY**
Press-Enterprise Staff Writer

California, with its multi-billion-dollar horse race wagering industry and its recently approved state lottery, has no right to tell two Riverside County Indian tribes they cannot conduct high-stakes bingo games, a brief filed in federal court on behalf of the tribes asserts.

By allowing poker clubs and horse race betting and implementing a lottery, California's laws "actually encourage" gambling "to raise revenues for governmental programs," says the brief, filed on behalf of the Morongo and Cabazon tribes. "Thus, California is doing exactly what the tribes are doing, and for exactly the same purposes."

The brief was filed last week with the 9th U. S. Circuit Court of Appeal, where Riverside County and the California attorney general's office are seeking to overturn a 1984 federal district court ruling upholding the right of the Morongo and Cabazon Indian bands to conduct bingo games on their reservations near Banning and Indio. The Cabazons also operate a poker club.

District Judge Laughlin E. Waters in November granted injunctions sought by the two tribes, prohibiting Riverside County and the state from enforcing county and state laws against commercial gambling. California law allows bingo for charitable purposes only and limits jackpots to a maximum of \$250. A Riverside County ordinance carries the same restrictions.

nance carries the same restrictions.

The Cabazon and Morongo tribes say those laws do not apply on Indian land, which is held in trust by the federal government.

The Cabazon and Morongo bingo halls offer prizes in excess of the \$250 limit, although the brief claims the average prizes awarded are less than \$250. At the Morongo hall, a player can play 15 \$1,000-prize games for the basic \$20 admission fee, and for additional money can play special games offering larger prizes.

Oral arguments in the case are tentatively scheduled for late June.

The central issue in the case is whether a December 1982 ruling

ing by the 9th Circuit, which barred San Diego County from enforcing its anti-gambling law against a bingo hall operated by the Barona Indian tribe, applies to the Morongo and Cabazon operations. The main argument in the Barona case was whether federal Public Law 280 applied to Indian reservations. The law provides that the criminal laws of some states, including California, have the same force on Indian land as elsewhere. In the Barona case, the court ruled that the tribe's bingo games would come under California's civil law, which are not enforceable on Indian lands.

The county and state claim the tribal bingo enterprises should be subject to the state's criminal, rather than civil, laws. The Mo-

rongo-Cabazon brief, written by tribal attorneys Barbara Karshmer and Glenn Feldman, contends the Barona decision was correct, and that the two bingo operations "are factually and legally indistinguishable" from the Barona bingo enterprise. The document, filed in response to a brief filed by the county and state, also says that "every federal court which has considered the question" has reached the same conclusion as the 9th Circuit did in the Barona case.

The brief states that the Morongo and Cabazon bingo operations provide money and jobs on the two reservations, and that Indian bingo is "strongly supported and encouraged by the federal government under current federal

Indian policy" as a means of tribal economic development.

It says that except for the larger prizes offered, the tribal bingo halls operate "in substantial conformity" with the county and state laws governing bingo. The only difference between playing on the reservation and playing at a church, senior citizens center, or elsewhere in Riverside County is that the tribe's patrons have a chance for a higher return on their admission tickets.

The brief filed by the county and state alleged that the large amounts of money handled by the bingo halls could attract organized crime elements, and that the tribes lacked the capability "to ensure that the games will not (See BINGO, Page B-2)

Bingo . . .

(From Page B-1)

be controlled by organized crime."

The Indians' brief answers that county and state authorities have "admitted that they have no evidence" that the Morongo and Cabazon halls "were or are associated with organized crime." In addition, the document claims, the federal government has "jurisdiction to contend with any potential criminal infiltration. . . . Pious denunciations of the evils of gambling . . . may make colorful

reading, but they are devoid of any legal significance and have nothing whatsoever to do with this case."

It attacks the state's contention that commercial bingo is a violation of California public policy as "somewhat hollow in light of contemporary events. California horse bettors wagered more than \$2 billion in 1982, and more than 600 privately owned poker clubs operate throughout the state where gamblers can bet unlimited amounts of money playing draw poker and panguingue."

The attorney general's office

has described the appeal as a "test case" which could effect Indian bingo operations nationwide. The case is the only one now before the federal appellate courts. The county and state have asked for an "en banc" hearing before all 26 judges of the 9th Circuit Court, instead of having the appeal heard by the usual three-judge panel.

The Indians' response brief says there is no justification for the requested en banc hearing, saying the appeal "is not a case of exceptional importance" because the state and county laws "have no application outside" California.

FBI

TRANSMIT VIA:

- ☒ Teletype
☐ Facsimile
☐ _____

PRECEDENCE:

- ☐ Immediate
☐ Priority
☒ Routine

CLASSIFICATION:

- ☐ TOP SECRET
☐ SECRET
☐ CONFIDENTIAL
☒ UNCLAS E F T O
☐ UNCLAS

Date 2/25/85

FM LOS ANGELES (183A-1746) (OC-1) (P)

TO BUREAU ROUTINE *645/D*

BT

UNCLAS E F T O

CRIME ON INDIAN RESERVATION - GAMBLING; BUDED

FEBRUARY 25, 1985

RE BUREAU AIRTEL TO ALL OFFICES DECEMBER 31, 1984
 AND BUREAU TELETYPE TO ALBUQUERQUE, FEBRUARY 15, 1985.

REFERENCED AIRTEL REQUESTED INFORMATION RELATIVE
 TO ORGANIZED CRIME INFLUENCE OR CONTROL OF GAMBLING
 ACTIVITIES ON INDIAN RESERVATIONS. OF SPECIFIC INTEREST
 WAS THAT CONCERNING BINGO GAMES ON THE INDIAN RESER-
 VATIONS WHICH HAVE EVOLVED INTO LARGE SCALE GAMBLING
 ACTIVITIES IN RECENT YEARS. IN RESPONSE, LOS ANGELES
 DIVISION SUBMITTED AN AIRTEL DATED JANUARY 30, 1985
 ENCLOSING A LETTERHEAD MEMORANDUM. IN ADDITION,
 CONTACTS WITH LOS ANGELES SOURCES FAIL TO REVEAL ANY
 INFORMATION CONCERNING ORGANIZED CRIME INFLUENCE WITH

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183-1746-34
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Approved: *RB/A*Transmitted *257*

(Number)

Per *HEP*


(Time)

PAGE TWO (LA 183A-1746) UNCLAS E F T O

GAMBLING ESTABLISHMENTS ON INDIAN RESERVATIONS
WITHIN LOS ANGELES DIVISION.

FOR ADDITIONAL INFORMATION OF THE BUREAU, LOS
ANGELES SUBMITTED AIRTELS TO THE BUREAU JULY 19, 1983
AND NOVEMBER 2, 1983, WITH THE DUAL CAPTION AS FOLLOWS:
"PAN AMERICAN MANAGEMENT, INC., CIR-(G); OO: TAMPA,"
AND "GAMBIT; RICO-(A); OO: TAMPA."

THESE AIRTELS CONTAIN ADDITIONAL INFORMATION
CONCERNING GAMBLING/BINGO ON INDIAN RESERVATIONS IN
CALIFORNIA, AS WELL AS THE LOS ANGELES AREA. THESE
AIRTELS INCLUDE ADDITIONAL BACKGROUND INFORMATION AS
WELL AS THE CONNECTIONS WITH LOS ANGELES ORGANIZED
CRIME FIGURES WITH THE BINGO OPERATIONS WITHIN LOS
ANGELES DIVISION AND SHOULD BE REVIEWED FOR ADDITIONAL
DETAILS. OF SPECIFIC NOTE IS THE FACT THAT SEVERAL
YEARS AGO THE STATE OF CALIFORNIA OPTED UNDER PUBLIC
LAW 280 TO ASSUME JURISDICTION OF CRIMINAL MATTERS
ON INDIAN RESERVATIONS. AS A RESULT, THERE ARE NO
CRIME ON INDIAN RESERVATIONS (CIR) INVESTIGATIONS



PAGE THREE (LA 183A-1746) UNCLAS E F T O

CONDUCTED BY THE BUREAU UNLESS THE TYPE OF CRIMINAL ACTIVITY INVOLVES SOME TYPE OF EMBEZZLEMENT OR FRAUD PERTAINING TO FEDERAL MONEY OR THE FEDERAL GOVERNMENT.

LOS ANGELES DIVISION AGREES THAT BINGO PARLORS AND CARD CLUBS ON INDIAN RESERVATIONS ACROSS THE UNITED STATES COULD BECOME A PROBLEM OF MAJOR PROPORTIONS. SUCH FACILITIES HAVE THE PROPENSITY TO GENERATE LARGE AMOUNT OF MONIES AND ORGANIZED CRIME FIGURES WOULD UNDOUBTEDLY ATTEMPT TO EXERT THEIR INFLUENCE, AS WELL AS LEND THEIR EXPERTISE IN SUCH GAMBLING OPERATIONS. THE PROBLEM IS COMPOUNDED BY THE FACT THAT THERE IS A DEFINITE VOID IN LEGISLATIVE STATUTES OR REGULATORY REQUIREMENTS AND THESE PROBLEMS SHOULD BE ADDRESSED.

BT

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(Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.)

PRESS-ENTERPRISE

Riverside, CA B-1

Date: 11/6/84

Edition:

Title: Judge upholds Indian bands right to operate bingo parlors

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Submitting Office: LA 183-1746

Judge upholds Indian bands' right to operate bingo parlors

By GEORGE ROONEY

Banning-Beaumont Bureau

LOS ANGELES — A federal judge yesterday upheld the right of two Riverside County Indian tribes to conduct high-stakes bingo games, rejecting arguments by the county and the state Attorney General's office that such operations are illegal.

In issuing a summary judgment in behalf of the Morongo and Cabazon Indian bands, U. S. District Court Judge Laughlin E. Waters cited a 1983 federal court ruling granting the Barona Indians of San Diego County the right to conduct high-stakes bingo games.

"I think (the) Barona (case) was improperly decided," Waters said. "The problem is, the (U.S.) Ninth Circuit (Court of Appeals) has spoken. I am not at liberty to overrule their decision."

Attorneys for the county and the Attorney General's office say they will appeal Waters' decision to the Ninth U. S. Circuit Court of Appeals. It will take at least a year to obtain a ruling from the appellate court, said Deputy Attorney General Roderick E. Walston. He said the appeal would be filed as soon as possible. The attorneys have said the case ultimately may reach the United States Supreme Court.

File 183-1746-35

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MAY 1985	
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FBI/DOJ

agreed to consolidate the Morongo and Cabazon suits for trial.

The motions for summary judgment filed by the Cabazon attorney, Glenn Feldman, and the Morongos' attorney, Barbara Karshmer, stressed the Barona decision Waters referred to in his ruling.

The Barona Indians began conducting high-stakes bingo games in April 1983 and obtained a ruling from the Ninth U.S. Circuit Court of Appeals prohibiting San Diego County from enforcing a state anti-gambling law. The U.S. Supreme Court upheld the ruling a month later, declaring

that the California law does not extend to bingo operations on Indian lands.

Motions filed by Deputy Riverside County Counsel Glenn Salter and deputy attorneys general Walston and Rudolf Corona Jr. contended that federal common law permits the regulation of Indian reservations under all laws of the state, including local ones. Besides the state law against commercial gambling, Riverside County has an ordinance prohibiting commercial gambling.

Corona said the appeal to the federal appellate court will cite a (See BINGO, Page B-2)

Bingo . . .

(From Page B-1)
recent Supreme Court ruling which gave California the right to control the sale of liquor on the Pala Indian Reservation near the Riverside County line in northern San Diego County.

While ruling in favor of the two Indian tribes, Waters commented that he did not agree with arguments that Indians' historic rights of sovereignty over reservation lands applied to gambling.

"Indians are no different from anybody else," Waters said. "They've shown that if they have the opportunity to make a buck, they'll act on it."

Waters said that although he would not overrule the Barona decision, he thought the ruling confused the distinction between the government's civil regulatory function and criminal law.

Waters' ruling yesterday does not apply to the monetary damages sought by the two Indian tribes.

Waters' ruling means that the high-stakes bingo halls run by the Morongo Band of Mission Indians near Banning and the Cabazon Band of Mission Indians near Indio may continue to operate. The ruling also applies to a poker club operated by the Cabazon band.

All three of the gaming operations have been operating under preliminary injunctions granted by Waters in 1983 pending his final decision in the cases. The businesses are estimated to produce millions of dollars of revenue annually, which is shared by the Indians and the operators of the businesses.

The Cabazon band filed a \$12.5 million suit against Riverside County in February 1983 after the county Sheriff's Department shut down the Cabazon Indian Casino poker club. Waters' subsequent injunction allowed the poker club and the Cabazon's Bingo Palace to continue operation.

The Morongo Band filed suit against the county in April 1983 after the Indian Village Bingo hall opened. Waters granted an injunction protecting the operation. The Morongos closed the business last February in a contract dispute with its non-Indian operator. The tribe opened a new bingo hall last month in conjunction with another operator. The Morongo suit also seeks monetary damages.

The Attorney General's office intervened in the two cases last fall. In November 1983, Waters

Cabazons call court ruling final victory

By GALE HOLLAND
Desert Sun Staff Writer

INDIO — The Cabazon Band of Mission Indians on Tuesday claimed a federal court ruling upholding its gaming operations was a final victory in the tribe's four-year-old legal battle with state and local authorities.

The non-Indian casino manager, John-Paul Nichols, also said the tribe is considering new gaming operations in the wake of U.S. District Court Judge Laughlin Waters' ruling Monday.

Waters' ruling, which legitimized the existing cardroom and bingo parlor here, and the Morongo Indians' bingo palace in Banning, was made in Los Angeles.

Nichols and attorney Glenn Feldmann said during a press conference at their reservation casino that opponents had vastly overstated their chances of continuing the fight in court.

"As far as we're concerned, the case is over," Nichols said. "The appellate court would have to reverse a ruling made over a year ago, and that's done very seldom, once every 15 years.

And the U.S. Supreme Court has denied hearing two bingo cases and chances are they aren't going to hear this one."

Feldman also read a statement from tribal Chairman Art Welmas, asking the government to concede defeat.

"It is time now for the state of California and Riverside County to recognize that Indian tribes, like the Cabazon Band of Mission Indians, are sovereign governments, who have the right to regulate activities occurring on their reservation," Welmas stated.

Indians across the country have started bingo parlors in the past five years, claiming their tribal sovereignty exempts them from state and local anti-gambling laws.

The tribe's casino/cardroom was first challenged by Indio city police in October 1980, soon after its opening, Nichols said. In December 1982, the Indians won a court ruling that their reservation was outside the city's jurisdiction.

In February 1983 Riverside County sheriff's deputies sought to shut the newly opened bingo parlor down, but were stopped by a temporary

restraining order issued by Waters.

County and state attorneys said after Waters' ruling Monday they would pursue the case to the 9th Circuit Court of Appeal and to the U.S. Supreme Court, if necessary. Waters' ruling also applied to the Morongo Band of Mission Indians' bingo parlor off Interstate 10 in Banning.

Nichols said the tribe would push ahead with a second phase of the case, in which they are asking government authorities for \$12.5 million in damages.

The money is to compensate Indians for damages from much-publicized police shutdown of the casino/cardroom and bingo parlor, Feldman said. The Indians also are seeking money to punish authorities for "raiding" the parlor instead of seeking a less-damaging court order.

The tribal manager said he "wasn't at liberty" to describe the additional gaming activities the tribe is contemplating. A swap meet and construction of a truck stop on the reservation just off Interstate 10 are other ventures under dis-

(Continued on Page A-2)

Cabazons call bingo court ruling final victory

(Continued from Page A-1)

cussion, he said.

Nichols said the casino currently is running at a profit of \$200,000 to \$300,000 a year, and the bingo parlor, at a profit of \$400,000 to \$450,000.

The bingo profits are split 55 percent between the tribe and a management company. The principal investors are Nichols' father, John Phillip Nichols, also the tribe's business manager; and Wayne Reeder, prominent Indio developer.

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(Indicate page, name of newspaper, city and state.)

DESERT SUN

PAIM SPRINGS, CA A-1

Date: 11/7/84

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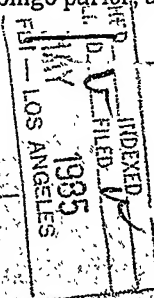
Title: Cabazons call court ruling final victory

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or

Classification:

Submitting Office: LA 183-1746



7/18
183-1746-34

Rift on Indian gaming puts controls on hold

By MARTIN SALDITCH
Press-Enterprise Washington Bureau

WASHINGTON — The Reagan Administration remains divided over whether to support legislation to regulate gambling on Indian reservations, diminishing the possibility of congressional action this year.

Frank K. Richardson, solicitor of the Interior Department, said yesterday a dispute between his agency and the Justice Department on the issue was not resolved at a high-level meeting last week.

The Justice Department, concerned over high-stakes games which may attract organized crime to Indian reservations, has suggested a change in federal law to give states the authority to license, regulate or prohibit such gambling.

The Interior Department, which includes the Bureau of Indian Affairs, wants to let tribal councils continue to handle their own affairs as part of a move toward self-determination.

Richardson, a former justice

of the California Supreme Court, said Interior's policy was to "recognize the tribes as governments" and rely on them to regulate gambling on their reservations.

However, Mark M. Richard, deputy assistant attorney general of the Justice Department, contends that outside authorities, not the tribes, should regulate gambling on reservations, in order to screen out organized crime figures.

The split between the two agencies is likely to kill again legislation before the House Interior and Insular Affairs Committee that would give the secretary of the Interior Department the authority to approve tribal gambling ordinances and examine the backgrounds of persons with gambling contracts.

The bill sponsored by Committee Chairman Morris Udall, D-Ariz., would also require the tribe itself to own the gambling operation, and annual independent audits of such operations.

Currently, about 80 of the nation's 300 Indian tribes conduct

bingo and other gambling games.

That income has helped tribes suffering from unemployment, scarce resources and cutbacks in federal aid, said Bureau of Indian Affairs spokesman Vince Lovett.

But the Justice Department argues that large amounts of cash attract criminals who want to launder money from drug transactions and other illegal activities. "This isn't social hall bingo," said Richard, deputy assistant attorney general.

Richardson, who is retiring at the end of this month as the Interior Department's chief lawyer, said no further meetings are planned at this time to resolve the dispute with the Justice Department.

Evidently, President Reagan himself will have to settle the matter if his administration is to present a unified position on the issue to Congress.

Meanwhile, Riverside County and the California attorney general's office are seeking to overturn a federal district court ruling last

November upholding the right of the Morongo and Cabazon Indians to conduct bingo games on their reservations near Banning and Indio. The Cabazons also operate a poker club.

The federal court granted injunctions sought by the two tribes, prohibiting the county and state governments from enforcing their laws limiting bingo to charitable purposes, and prohibiting jackpots over \$250.

The Cabazon and Morongo bingo halls offer prizes over that amount.

The appeal is to be heard next month by the 9th U.S. Circuit Court in San Francisco, which in 1982 barred San Diego County from enforcing its anti-gambling law against a bingo hall operated by the Barona tribe.

The court held then that bingo games are covered by the state's civil laws, which are not enforceable on Indian land. Riverside County and the state attorney general contend that gambling enterprises should be subject to criminal laws.

(Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state)
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MAY 23 1985
FBI - LOS ANGELES

Overflow Mother's Day crowd jams bingo parlor

BANNING — More than 400 people could not play Mother's Day bingo at the Morongo Indian Bingo parlor because the building had reached its capacity of 2,700 people.

Manager Jay Mavity said it was the first time that customers had been turned away since the parlor opened last October. The previous attendance record of 2,300 people was set last February when the parlor began offering \$1,000 prizes on games, he said.

About half of the overflow crowd went to play at Soboba Indian Bingo and helped to establish an attendance record for that parlor, Soboba owner Jerry London said.

Mavity said a special Mother's Day program, including free digital wrist watches for female players and a special prize of a year's free bingo in a drawing for "Mother of the Year," attracted the record-breaking crowd at Morongo.

Sgt. Pete Kiyasu of the Riverside County Sheriff's substation in Banning said deputies went to the parlor shortly after 4 p.m. when about 10 women refused to leave after being told they couldn't play.

Mavity said, "A couple people got really irate and demanded that we let them in." There was no violence and the angry patrons left as the deputies arrived. Two busloads of people from Barstow

and Los Angeles, who arrived without reservations, were also turned away, he said.

The California Department of Forestry/Riverside County Fire Department set the crowd limit of 2,700 people for the parlor. About 100 chairs had to be brought in to accommodate the group, Mavity said.

David Bird, vice president of CBA Development Co. Inc., which manages the parlor, said the bingo program started about 3:30 p.m. He said the building's capacity was reached shortly after 4 p.m. He said workers advised the patrons they could also play at Soboba Indian Bingo in San Jacinto. "We hate to do that but we had no other choice."

London of Soboba Indian Bingo said more than 1,200 people were in his building, which has a capacity of 1,300. He estimated about 150 people came from Morongo Indian Bingo.

He said Soboba Indian Bingo's Mother's Day special included free flowers for all female players and a year's free bingo in a drawing for "Mother of the Year."

Marilyn Woody, floor supervisor for the Cabazon Indian Bingo Palace in Indio, said about 300 people played on Mother's Day. She said the building has a capacity of 450 people. She said the parlor's attendance record was set last March when about 500 people played on a free bingo night.

(Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.)

PRESS-ENTERPRISE

Riverside, CA P. B-1

Date: 5/14/85

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MAY 13 1985

FBI - LOS ANGELES

183-1746-38

House panel sets hearing on Indian bingo problems

SAN DIEGO (AP) — The House Interior Committee will hear testimony in September on problems caused by Indian-sponsored bingo games in California, a congressman's aide said.

The hearing will look into allegations, mostly from tribal members, that revenue from the unregulated games has been misused, according to Jennifer Goodman, an assistant to U.S. Rep. Jim Bates, D-San Diego.

Bates was among those who requested the hearing, which has been set for Sept. 13.

"We have received many written complaints about bingo problems for more than a year," Bates said. "There have been enough questions raised and enough problems evident that we hope the hearing will help deter-

mine the facts and find out the deficiencies."

High-stakes bingo, which began two years ago in the state, has attracted scores of players and a variety of problems, Bates said.

(In Riverside County, three Indian tribes — the Cabazon, Morongo and Soboba — conduct high-stakes bingo games on their reservations. The county and the California attorney general's office are appealing a federal court ruling upholding the legality of the Cabazon and Morongo games. A state law and a county ordinance allows bingo only for charitable purposes and limits prize money to \$250 a game.)

Indian bingo began in California as a money-making venture on the Barona Indian Reservation

near Lakeside. When those games began, there was hope among many reservation residents that bingo revenue would raise their standard of living. Others said that it would make them less dependent on federal funds.

The money for improvements has not surfaced, according to some at Barona. Roads remain unpaved, unemployment has not decreased significantly and promised programs have not been started, they say.

"We don't know where the money has gone," said Ernest Magginni, a member of the Barona tribe. "Since the bingo opened, we have only been able to force \$3,000 out of the tribal council to distribute to each of the 153 (voting) members."

California Deputy Attorney General Rudolf Corona, who has been directing investigations of Indian bingo for three years, said the Barona operation, which bills itself as California's richest bingo game, has been a multimillion-dollar business.

Bingo for charitable purposes was legalized by California voters in 1976. A U.S. 9th Circuit Court of Appeals decision in December 1979 ruled that the Indians' desire to use bingo income to improve conditions on the reservation are as worthy as the intent of charitable organizations permitted to play bingo.

But because the Indian games are under federal jurisdiction, they are not subject to the same auditing and jackpot limit requirements of games held by charities.

(Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.)

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FBI-LOS ANGELES	

Memorandum



To : SAC, LOS ANGELES (183A-1746) (OC-1)

Date 1/18/85

From : SA

b6
b7C

Subject : INFORMATION CONCERNING
INDIAN BINGO
LOS ANGELES DIVISION

Attached hereto are copies of several recent articles concerning Indian bingo.

Index: INDIAN BINGO
JOHN PHILLIP NICHOLS, age 59

AJS/jma
(1)

183A-1746-40

SEARCHED	INDEXED
SERIALIZED	FILED
JAN 18 1985	
FBI-LOS ANGELES	

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b7C

U.S. tribes hit jackpot

Indian bingo 'beats basket weaving'

By CHRISTOPHER REED
Special to The Globe and Mail

INDIO, Calif. — Thousands of Americans are flocking nightly to 60 Indian reservations across the United States in an attempt to hit the jackpot in a new and unlikely tribal business boom: bingo.

Prizes have been as high as \$1-million and five-figure jackpots are commonplace. Some bingo halls seat more than 1,000, and the revenue has brought prosperity to some tribes — along with allegations of infiltration by organized crime and a new version of the Indian wars.

The Indians are able to play the game for profit and such large prizes because they maintain sovereignty over their traditional lands. In southern California, for instance, where bingo is thriving in the sagebrush desert, tribes may ignore a state law limiting prizes to a paltry \$250.

Legal attempts at the state and federal levels to stop the boom have failed. There have been no reports of violence, but some tribes complain of police harassment and a bombardment of law suits. Alleged involvement of the Mafia has not been proved but rumors fuel the controversy.

The political background of the situation contains an irony that adds to the understandable cynicism of many American Indians. For decades they have been squeezed between conflicting views of their position in society.

There is the close embrace of the Bureau of Indian Affairs, often criticized for its patronizingly protective attitude, especially concerning tribal financial affairs. Then there is the view, most recently emphasized by the Reagan Administration, that the tribes should strive for self-sufficiency — a

point sharpened by Government cuts in Indian welfare programs.

"All we're trying to do is get Indians off welfare by bringing more money into the reservations through bingo," said Ron Andrade, director of the National Congress of American Indians in Washington. "Then, people off the reservation are accusing us of taking money from churches and charities. For Indians it's a no-win situation."

The bingo phenomenon is only two years old, but it dates to the Penobscots of Maine in 1976. The tribe's bingo profits have since been drastically cut by a 1980 agreement with the state to cede its sovereignty. In order to maintain their autonomy, however, others have raised tribal awareness by taking themselves out of the BIA mandate.

Some have signed contracts with outside bingo managers who have drawn up very one-sided deals. To ensure a fairer share for the tribes, a bill has been introduced in Congress to subject all arrangements to BIA scrutiny.

Meanwhile, one of the most closely watched Indian entrepreneurs is one of the smallest tribes, the Cabazons in Indio, a bleak, baking desert scrub area near Palm Springs. Once 500 strong, they now number only 26, but, financially at least, they are flourishing, largely because of the organizational efforts of an extraordinary white man and his family.

John Nichols and his family manage the Cabazons' bingo hall, clay-pigeon range and all-night poker casino. The bingo grossed \$2.5-million last year; the poker, which pays out only from its entry fees, brought in \$900,000; the clay-pigeon range is expected to gross \$500,000 this year.

Understandably, in the sleepy town of Indio, this has caused controversy. The gambling centre beside the highway has

been raided three times and is embroiled in five lawsuits with the state and county.

According to Mr. Nichols, the local police chief once telephoned him to announce that, as head of the "blue army," he regarded the Nichols' activities as the work of a "red army." The reason for this challenge comes from Mr. Nichols' socialist past, a background that in Indio is not much better — indeed possibly worse — than being a paid-up Mafia.

Now 59, Mr. Nichols used to belong to the Socialist Party of America. He was a union organizer in the turbulent 1940s and was a radical activist before going to Brazil where he also organized workers. As a graduate in social studies he wrote two textbooks on financing non-profit enterprises and uses this expertise in running the Cabazons' business affairs.

"What we have done here," he said, "is to form a co-operative democracy with collective ownership. The stock owners are the Indians and my family the managers. All buildings and assets are tribally owned, including my home, and the profits are plowed back."

"These people are learning capitalism, but it will give them autonomy. That way they will also gain freedom. It's using the system to overcome the system."

The chief, Arthur Welmas, hired Mr. Nichols when he heard how he had been helping the Florida Seminole tribe in business ventures. Mr. Welmas is paid a \$33,000-a-year salary and points out that every member of the tribe is now worth \$20,000.

"We and the Nichols all benefit equally from the income," Mr. Welmas said. "The BIA never gave us anything. They opposed Indian business initiatives and they still do. Now we have our own

medical insurance scheme and we've brought in piped water to the reservation."

"Profits from bingo and gambling is fine. It's sure as hell beats weaving baskets and making jewelry — selling that stuff takes forever."

Mr. Nichols and his two sons and daughter do well out of the Cabazon business, but they also work hard. They seem sincere and do not appear to have enriched themselves at the Indians' expense, a charge that has substance in some of the 60 Indian bingo ventures.

The Morongo tribe's bingo hall nearby was closed after bad publicity surrounding the disclosure that outside managers were handing over only 5 per cent of the profits above \$5,000. It was a one-sided deal that helped the Cabazons' cleverly publicized share arrangement: 55 per cent and the remaining 45 divided between the Nichols family and a group of Indio businessmen.

The Cabazons claim that alcoholism has declined as the business has prospered and jobs have multiplied, but their success seems likely to intensify the bingo war with the white man.

In the 20 states with Indian bingo, an estimated 35 million Americans are hooked. Three states have filed seven lawsuits against tribes and lost every case. The FBI has been investigating mob influence without result. The BIA has a task force examining the bingo boom.

A Los Angeles magazine hired a private detective to examine the Nichols operation, but eventually wrote a glowing report.

It concluded: "By the time Congress finally takes bingo away from the Indians, the Cabazons at least should be standing on their own feet operating a wealth of businesses nobody can legislate against."

INDIAN GIVER?

John Phillip Nichols wants to bring more than high-stakes bingo to the reservation

By Jan Golab

Something very strange is going on in Indio. Of course, some might think it strange that *anything* is going on in Indio. The annual Indio Date Festival, once the town's most notable event, generally elicits a slow yawn from vacationing Angelenos as they lounge poolside in nearby Palm Springs, trying to sip their margaritas before they evaporate in the blistering, hot desert sun.

Indio (population 20,000) is situated in the middle of an endless stretch of worthless desert terrain, 20 miles east of Palm Springs, just inside the border of the Twilight Zone. Godforsaken is not a figurative or melodramatic term when used to describe this town of sorts, slapped up around truck stops. It's the type of no man's land where one expects to find an Indian reservation.

And indeed, the physical landscape of the Cabazon Indian Reservation, 1,700 acres small on Indio's northeast border, probably hasn't changed since the dawn of time. The Indians were "located" there in 1876. And the only noticeable development since then has been the addition of a few trailer homes.

The Cabazons have done little more in the desert than survive, and that they have done poorly. Once 500 strong, the population, savaged by poverty and disease, has dwindled to 24. So little activity has been observed on the reservation during the past 100 years, that many Indio residents

were unaware it even existed. That is, until recently.

The little tribe of Cabazons, people from a land time forgot, has suddenly become the owner of a handful of thriving businesses, the main force behind \$2.5 million worth of economic development and supposedly the largest single employer in Indio.

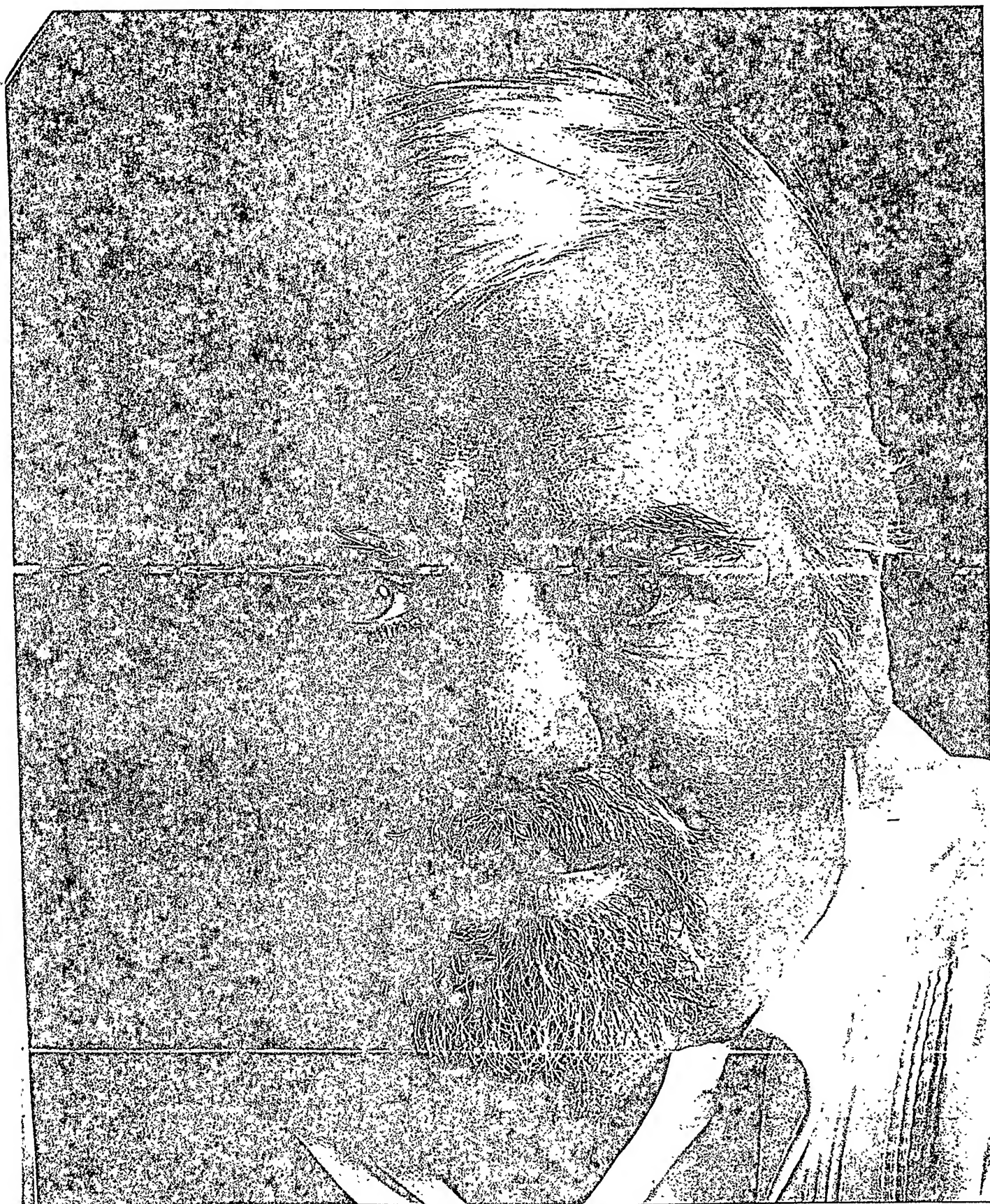
Yes, something very strange indeed is going on in Indio. Simply, the tribe has become the most progressive, controversial and closely watched in the U.S.

What gives? The Cabazons haven't discovered oil, a lost gold mine or a mysterious way to process tumbleweeds into a new wonder drug. No, the juice that has given sudden rise to their growing empire is supplied by a steady nightly flow of B-9s, I-17s, N-30s, G-42s and O-57s. The white man calls it bingo, but to the Cabazon Indians the letters spell out *independence, prosperity, opportunity, the American dream, a future*. All things that the Bureau of Indian Affairs has never been able to provide.

Bingo, of course, is played throughout the state. But bingo Indio-style is a big-action game. California regulatory laws dictate that bingo parlors only be operated by charitable organizations—the top prize is limited to \$250 per game. Indian reservations, however, are on federal land and not subject to state regulatory laws. So the jackpots at Indio, like those at other reservations where bingo has become the new battle cry, often exceed \$10,000.

But the bucks don't stop there. There's also the Cabazon Indian Casino, a poker parlor styled after those in Gardena. This operation not only pulls in as much as the Bingo Palace (about \$1 million a year, gross), but it also makes theirs the *first* reservation in the country to successfully

Nichols: "Just because I'm white, it's automatically assumed that I must be Naga."



open its own gambling hall.

As a result, the Cabazon Indians are not only cutting deep into the coffers of California "charity" bingo but are taking a slice of the daily Las Vegas take as well. This, in turn, has created a growing storm of pressure on city, county and state officials to silence the sound of bingo numbers and poker chips. Just about everyone wants to crush these upstart Indians.

The Cabazon Indian Casino has been raided and closed four times by police, but on each occasion a federal restraining order has put it back in business. County officials tried to annex the Indian land. Again, they were beaten down in court. The Cabazons have spent more than half a million dollars on attorneys' fees during the past four years to keep operating.

These are not the good little Indians who used to always do what they were told. And just as everyone suspected, it's not the Indians themselves who are directly responsible for all this commotion, but a gang of outsiders. White men. Of course, that explains it! Exploiters. An entire family of them, led by a mysterious gringo named John Phillip Nichols.

Thanks to Nichols and his family, nothing is the same anymore in Indio. Most of the Indians are employed and have money in their pockets. There's the bingo palace and poker parlor, of course. And there's also a trap-and-skeet range, a security-guard company and a new Indian trading center, scheduled to open on Labor Day.

According to Nichols' son Mark, "We've been able to provide the Indians with 192 acres of economic development, expanded life expectancies through improved medical programs, individual gains and personal welfare, and money funneled into legal aid. We're the largest employer in Indio. We have 86 employees now and will be expanding soon to about 150. And we pay more than anyone else, without discrimination."

John Phillip Nichols, 59, describes himself as "a professional social worker," but such a benign description hardly conjures an adequate picture of his life or his work. A Yankee blue blood who claims to be a direct descendant of Noah Webster, Nichols was once a master brewer by trade. He became a labor-union organizer in Milwaukee back in the '40s while he was also earning his master's degree in social work from the University of Wisconsin. He was one of the founders in 1948 of Americans for Democratic Action (a left-of-center political-action group that involved the labor movement and the left wing of the Democratic party),

which also served as political forerunner of the '60s group Students for a Democratic Society. His wife, Joann, who was a prime implementer of the development in Indio until her death of cancer in June, was also a career socialist organizer from a highly politicized family, and the daughter of John Riedl, who, ironically, was a speech writer for Joseph McCarthy.

For a while Nichols served as general manager of Coca-Cola in São Paulo, Brazil, and says he helped organize some 2 million Marxist and Catholic voters in Chile. He's also been the head of development for mental-health programs in Minnesota and the executive director of a drug-and-alcohol rehabilitation center in Lexington, Kentucky. He's the coauthor of two books, a textbook called *Revenue Sharing* and *A Handbook of Grants and Contracts for Nonprofit Organizations*. The former has a foreword by John Gronouski, once postmaster general of the United States and then ambassador to Poland, while the latter contains a foreword by former Speaker of the House Carl Albert. Both extol Nichols' virtues.

Nichols' daughter and four sons are equally prolific in their activities. Raised internationally, each is fluent in at least two or three languages. "It's difficult for most people to grasp the type of life our family leads," says daughter Candice. "I'm 21 years old, and I've lived in 25 different places."

All Nichols' sons are graduates of Goddard University in Vermont and are greatly experienced in social work. John Paul, who serves as project manager for the Cabazon operations, once traveled with diamond merchants across the deserts of North Africa and has worked in Portugal and Spain. Quite a background for a man who, at the age of 23, became the manager of 68 Howard Johnson Motor Inns in Florida. When offered a vice presidency by that company two years later, he decided instead to forsake corporate life to rejoin his family's work in Indio. His legal wranglings in the Indio courts have been a key factor in keeping the Cabazon operations alive.

Mark, who serves as manager of the Bingo Palace, and Phillip, who manages the Cabazon Indian Casino, have both worked with Indians around the world. They claim responsibility for finding a famous lost tribe of Indians that had been hiding in the mountains of Mexico since 1908 to avoid persecution by a malevolent dictator, and for supervising their introduction to the civilized world. The fourth brother, Robert, currently on sabbatical from the family's work, is one of the few

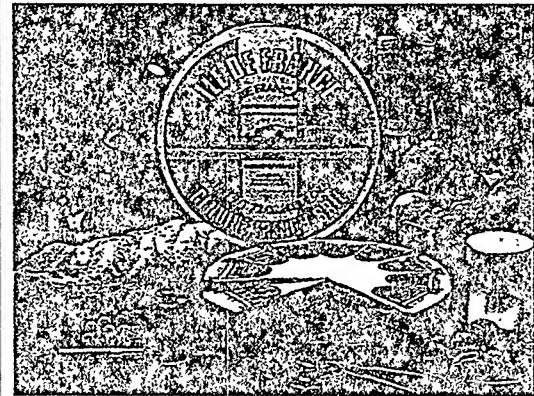
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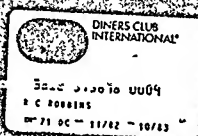
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The man responsible for hiring the Nichols family to oversee the affairs of the Cabazons is Arthur Welmas, the tribal chief of the Cabazon Indians. Welmas, 52, is a weapons expert who spent four years in the Marines and four years in the air force at various bases in Europe.

Welmas' military career brought him into contact with a variety of different economies and political structures, and he soon realized that if his tribe was to ever be truly independent, it would need strong leadership in both those areas. After hearing of Nichols' successful work with other Indian tribes, Welmas knew that Nichols was his man.

The Cabazon tribal council contacted Nichols in Florida, where he was working with the Seminoles, and offered him a contract to administer the business affairs of the Cabazons. Nichols was interested because he felt the small size of the tribe would make it easily manageable and there would be a minimum of the political infighting he had seen in other tribes. After Nichols was hired in 1978, his first task was to write a 10-year plan for economic development. He also set up a number of tribal corporations that would enable the Indians to pool their wealth, create assets and put them on the road to financial stability.

Welmas' daughter, Treasure, 23, speaks for most of the Cabazons when she talks about the changes implemented in the past five years, since her tribe acquired the services of the Nichols family. "We knew things would get better, because anything would have been better. Things were very bad. There was no progress. There was nothing. When I was a little girl I would go to all the tribal meetings. They were boring because it was the same thing over and over, and nothing ever happened. Now my life is very busy. I'm working and definitely better off. The changes have given us hope."

Not all the Cabazons, however, speak so favorably of Nichols. Of the 16 adults who have a vote in tribal affairs, 10 are aligned with Welmas and Nichols, while the rest are united behind Joseph Benitez—Welmas' half brother, who was tribal chief for 12 years before he was ousted by tribal vote in 1978.

The Welmas faction claims that Benitez was stripped of his leadership for mismanaging Indian funds and for accepting a \$6,000 bribe to allow a sign company to place billboards on Indian land. For his

part, Benitez claims he was paid the money for billboards placed on his own property. Members of the Benitez faction claim that their former leader's infraction, if there was any, was not so black and white.

"What he really did," claims Linda Streeter, a Benitez supporter, "was accept money for two billboards, which he had put on his *own* land instead of Indian land. I doubt there are any Cabazons who wouldn't have done the same thing in his position." Streeter claims the billboard controversy was merely a ploy used by Welmas and Nichols to gain control of the tribe.

Streeter is also the sister of the late Fred Alvarez, a former Cabazon vice chairman who was found slain execution-style, along with two friends, at his rented Rancho Mirage home in 1981. Streeter describes her brother as an intelligent and knowledgeable insider of the tribal organization, an Indian activist who was voted out of office like Benitez—and who had been talking freely about what he considered the mismanagement of tribal funds. She claims that the Cabazons have seen

little money from Nichols' gambling operations, and she believes Nichols is funneling money from the casino into foreign bank accounts. She believes her brother was killed because he had uncovered evidence that would have proved this.

The grief felt by Linda Streeter is understandable, but so far no facts have been presented supporting her opinions; indeed, there do appear to be other possible theories about Alvarez's death. Alvarez, who was 33 when he was murdered, was a member of the Mescaleros bikers' club and a former Hell's Angel. He stood five feet, 11 inches, weighed 255 pounds and was a football player and wrestler at Utah State. He had long hair, a Fu Manchu mustache, tattoos all over his body and, according to a number of people who knew him, more than a passing interest in drug trafficking and violent behavior.

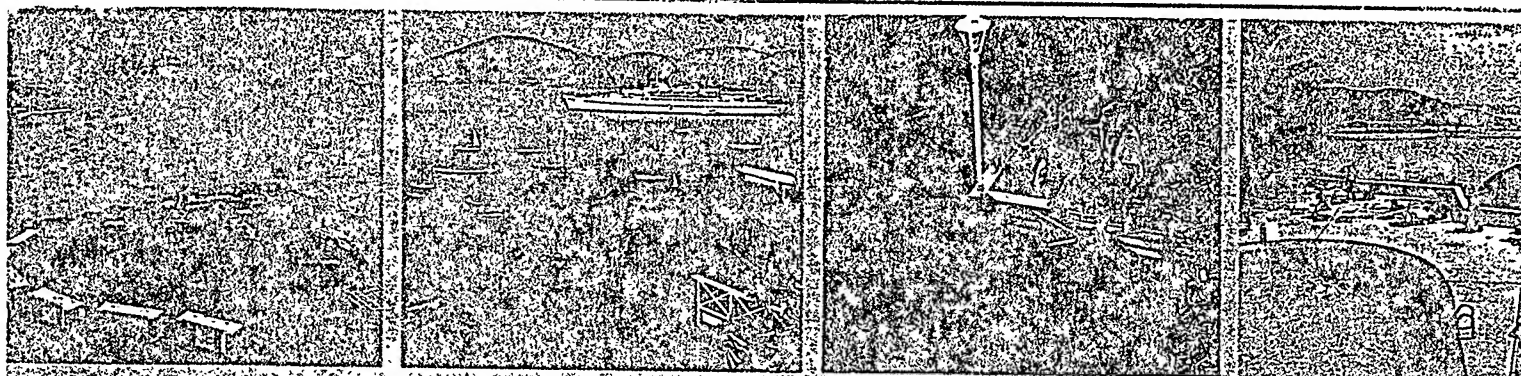
Members of the Nichols family report seeing Alvarez frequently flashing large wads of bills and dealing drugs. They also say he had a "mouse," biker lingo for an underage girlfriend (she was 12), and that he had a propensity for mistreating women. "I would describe him as a socio-

path," says Mark Nichols. "He displayed no sense of moral obligation to anyone or anything."

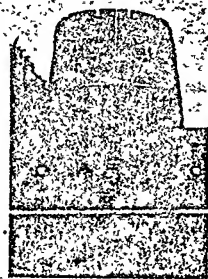
Both Welmas and Nichols believe that Alvarez's death was drug related. And Nichols, of course, denies having any involvement whatsoever in the Alvarez death. Arthur Welmas, while expressing sorrow over Alvarez's murder, adds that "Alvarez didn't know anything about being an Indian. He had little spirituality. He laughed when we sang Indian songs. He was a biker and he rode with motorcycle gangs."

Regina Zokowski, a former mayor of Indio, remembers Alvarez as a bizarre individual "who had exotic notions of starting up gambling, prostitution and drug-manufacturing operations of his own on Indian land." She also recalls that she first met Alvarez when he came to her office to express his concern over the way tribal funds were being handled—not by Arthur Welmas, but by Joseph Benitez.

Zokowski, who still serves on the Indio City Council, describes herself as a moralist who is opposed to gambling. When Nichols instituted gambling on the res-



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CLOSE-UP

ervation, she was one of many city officials who strongly opposed it and sought court action to close it down. Today, however, she admits she has been won over to the Nichols camp. "In my opinion they've done nothing but help the Indians," she says. "They had nothing, and now they have a lot of potential. I have far more faith in the current management of the tribe. Arthur Welmas is a gentleman with a real Indian code of ethics, and the Nichols family is far more honest and sophisticated than the average person."

Bob Frye is another person who has had the opportunity to scrutinize Nichols. Frye is president of the Wackenhut Security Corporation in Coral Gables, Florida, the nation's third-largest security firm. Wackenhut handles security for the likes of Cape Canaveral, and its board of directors includes Clarence Kelly, former chief of the FBI, as well as former directors of the CIA, Secret Service and Defense Intelligence Agency. Frye himself is a former FBI agent.

One of the businesses John Nichols helped establish for the Cabazons is the

Cabazon Indian Security Corporation, a joint venture with Wackenhut that handles security at the reservation and bids for government contracts set aside for minority groups. Before entering into the venture, Wackenhut ran a security check on Nichols. "He has a most unusual and controversial background," admits Frye, "but we found him to be totally trustworthy and upright. We never would have considered entering into a joint venture with the Cabazon Indians if we had found evidence to the contrary."

Frye believes that Nichols is neither a leftist radical nor an exploiter lining his pockets. Asked how he viewed a piece in the Miami *Herald* that made strong implications that Nichols was involved with organized crime, Frye only laughed. "That reporter was running around for weeks doing that series, trying to link all these people on Indian reservations to the Mob. I think he thought he was going to get a Pulitzer Prize, but when the story came out it went thud. As we say down here, it made an excellent mullet wrapper."

John Phillip Nichols displays a cool

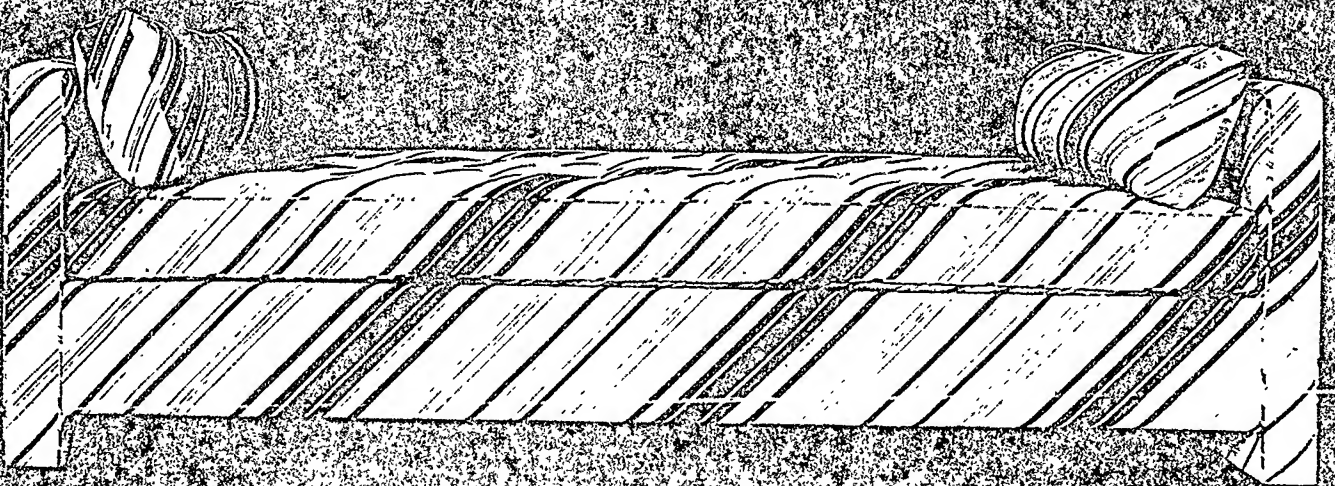
intellectual calm to the public reaction over his involvement with the Cabazons. He is a portly, bearded man with a vibrant shock of white hair. His eyes frequently burn with a visionary glare. Should his character ever be transported to the Silver Screen—and there has been talk by one studio—Brando, unquestionably, is the only one *made* for the part.

"The whole idea of reservations," Nichols says, "was to reduce the Indians. Even today, they're not allowed to handle their own money—the government holds it for them in a trust. They can't raise the working capital to operate businesses. Their health programs are all handled, inefficiently, by the government. The Bureau of Indian Affairs has been a negative influence. We avoid taking any money from them. We've set up our own health programs with Blue Cross/Blue Shield, and our own credit unions for people who want to buy homes or cars."

"Traditionally," he says, "when Indians accumulate sudden wealth, they react like the nouveau riche. They buy Cadillacs, have a good time, and then nothing is left for their kids. The most important

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and unique thing about this tribe is that the members have decided not to distribute their money but to reinvest it, to pool their wealth, and that's the most basic thing you can do. The Cabazons who are opposed to us are people who have no concept of assets, only of cash. They don't even live on the reservation. They've moved away to different towns. Their idea of using Indian lands to benefit Indians is to sell the lands and put the money in their pockets so they can spend it.

"Here, we started out with nothing, and now we have \$2.5 million in assets. We've incorporated both profit and non-profit corporations. We're incorporated just like the state of California. We have our own judicial system, a judge, we issue our own hunting and fishing licenses. We could issue our own currency if we wanted to. We're sort of like Sweden, a mixed economy on a social-democratic basis."

As for the Bureau of Indian Affairs' opinion, a spokesman at the Riverside office, when asked about John Nichols, stated: "We have absolutely no comment to make about that gentleman. The Cabazon Indians have made the decision to enter into an arrangement with him, and hence they are no longer involved with this office."

For the Nichols family, getting the Cabazons on the road to economic development has been a long and hard-fought battle. "When we arrived in 1978," says Nichols, "the reservation was totally landlocked. We had no access to roads, no water and no electricity." About the only thing they did have, Nichols immediately recognized, was wide open space and the sovereignty of being on federal land. He also had a handful of Cabazons who had developed sophisticated skills in weaponry and security when they served in the military. He immediately set out to develop businesses that could exploit his only three assets.

The Cabazons' first business, a mail-order cigarette business, operated out of a trailer. It was a flourishing success for about a year, until it was sent into bankruptcy by a 1980 tax law that prevented the sale of tax-free tobacco to non-Indians. Their next venture, the Cabazon Indian Casino, weathered four closures and a three-year struggle in the courts. At one point, a massive lawsuit and mushrooming legal costs forced them into Chapter 11. "Basically, we did the same thing the Johns-Manville Corporation did a few years ago when those massive asbestos lawsuits and government pressures were threatening to put it out of business," says

Nichols. "We initiated bankruptcy proceedings so we could continue operating and prevent the government from crushing us."

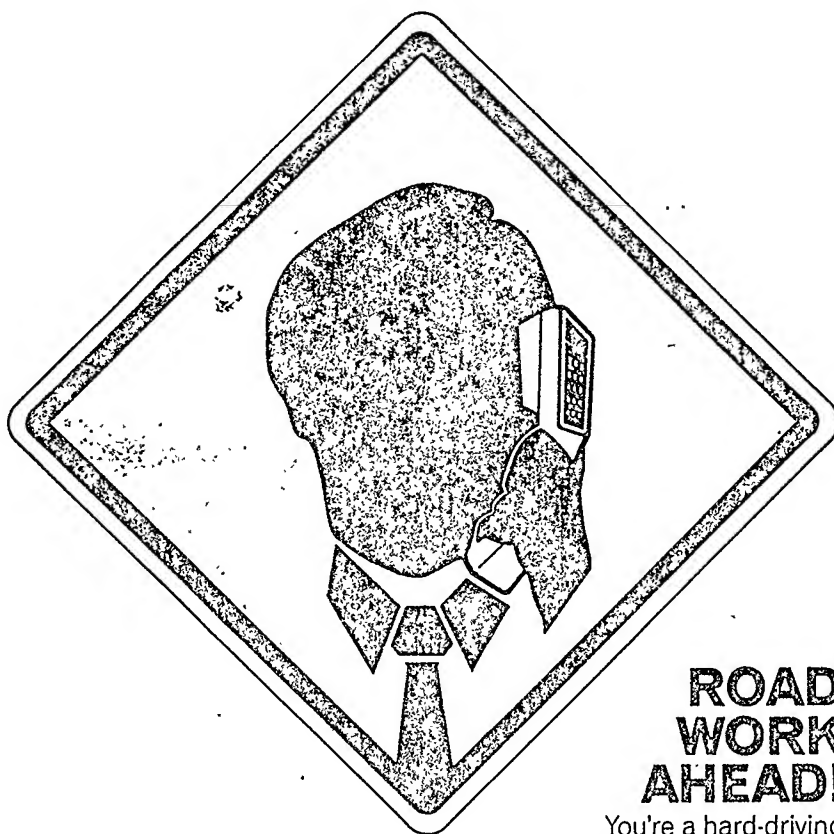
Once the casino and then the bingo parlor became secure, the tribe developed the Palm Springs Regional Trap and Skeet Range. Nichols boasts over not only the success of this venture but the fact that it has already been recognized as a state-of-the-art facility. "Both the French and German shooting teams have asked us if they can train here for the '84 Olympics," he says.

The most recent development, though, is the Indian Trading Center, a large permanent swap meet, not of used goods but of all-new closeout items. This venture is being managed by Nichols' daughter Candice. Next on the agenda is a truck stop and a hotel. Nichols also hopes to build a racetrack and bring in quarter-horse racing, skirting the control of the racing industry and organized crime by importing horses from France.

And Nichols says he has already secured \$750,000 just to do a research model of a proposed 640-acre waste-treatment plant, a project that may eventually be funded—to the tune of \$100 million—by German investors who've developed a new method of toxic-waste disposal that's nearly 100 per cent effective. He also claims to be in the final stages of receiving a Defense Department clearance for building an arms-and-munitions plant—a claim verified by Bob Frye at Wackenhut—where he hopes to manufacture specialized shotguns and machine guns that he's already testing.

But what of Nichols' alleged involvement with organized crime? "The biggest problem with the white community is its own sense of guilt," Nichols attests. "White people are always looking at anyone who is involved with a minority group that is achieving social change as being guilty of exploitation. Just because I'm white it's automatically assumed that I must be Mafia or have those connections. You're always guilty, and you're never proved innocent, especially in the press. One time a reporter came in to interview me, and as soon as I introduced myself he said, 'Oh, you're the exploiter!'"

"When we decided to set up a card-room, we had to solicit someone's help. I had never gambled or played cards in my life. What did I know about setting up a casino? A friend of ours referred us to Leo Durocher, the famous baseball manager, saying that he could probably help us out. Well, Leo Durocher was one of my boyhood idols. I didn't know at the time that



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CLOSE-UP

he had once been expelled from baseball for a year for consorting with gamblers. So we hired Durocher as a consultant to help us set up the cardroom. He brought in a guy named Rocco Zangari.

"Rocco had been handling baccarat tables at Caesars Palace in Las Vegas, that kind of thing. He had a lot of the wrong connections, believe me. He'd been arrested once back in 1946 for not buying a gambling stamp. In L.A. that probably wouldn't mean anything, but out here it was enough to make him organized crime, and the papers said he was an obvious crime figure. But the truth is, I don't think Rocco ever would have made it into the Mafia. He wasn't bright enough. But eventually we fired him."

Mark Nichols chuckles as his father relates this tale. "This place is such a mom-and-pop organization it's ridiculous," he says, his eyes darting back and forth across the casino.

"The night we opened the casino, the city police came out in force," John Nichols continues. "They had riot guns, helmets. They were out sneaking up through the desert on their bellies. They really thought the Mob had moved into Indio. They busted in and arrested 118 people, including the head of the California Nursing Association and one of the heads of the Episcopal church."

Nichols believes that Congress will eventually pass legislation banning bingo on Indian reservations. But he's already proved that bingo is more than just the richest parlor game in California. He's turned it into a philosophical, ideological and economic tool, enabling him to take one California Indian tribe, organize it into a corporation, teach its members the ways of capitalism and the loopholes of democracy, so the Indian nation can operate, internally, like a perfect socialist state, providing for the needs of all, while functioning outwardly like the Getty Oil Corporation.

Nichols says he has no idea how long it will be before he is no longer needed by the Cabazons, or where he will go when that time arrives. "I have no idea, but our family will go as a unit wherever the winds call us."

By the time Congress finally takes bingo away from the Indians (the only body that can do it), the Cabazons, at least, should be standing on their own feet, operating a wealth of businesses no one will be able to legislate against. For the first time the Indian will stand victorious before the white man, who will only be able to take away a battle cry which has already served its purpose. Bingo!

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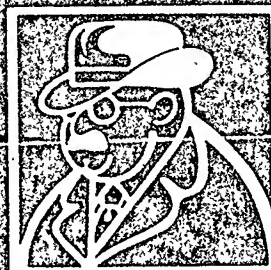
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Crowds throng to the Bingo Palace in Indio, CA, because of the big prizes offered.



The Sabazons with discount commercial flyers in 7-Eleven stores, their Muscular Dystrophy charity games. The board facing I-10 is the subject of litigation.

Crowds throng to the Bingo Palace in Indio, CA, because of the big prizes offered.

The (Indian) games people play

By Harriet Modler

●he Bureau of Indian Affairs half-heartedly goes along with "Indian bingo" run by 60 tribes in 20 states as a means of reducing dependence on welfare caused by high Indian unemployment, the Cabazon Band of Mission Indians in Indio, CA — just 27 members strong — has a far more dynamic vision.

Under the 10-year master plan developed by Dr. John P. Nichols, grantsmanship wizard, former union organizer, missionary, teacher and author, the Cabazons are becoming entrepreneurs, in the truest sense of the word, on their 1,500-acre reservation.

To do this, they have created a series of cash-oriented businesses including a trap and skeet range, a booming bingo parlor, and a cardroom — the latter apparently the only one run by Indians in the U.S. They also have entered into the Cabazon Indian Security Corp., a joint venture with Wackenhut Security Corp. to bid for government contracts reserved for minority groups. Ambitious plans for the future include a swap-meet with all-new, close-out merchandise scheduled to open next month (75 out of 350

available spaces are leased to date), and a racetrack for Indian ponies (quarter horses).

"Our goal is not to create work for the Indians, but wealth for the Indians, so they can hire others to work for them," says Nichols, who was one of the founders of the Americans for Democratic Action in 1948 (a political forerunner of the 1960's Students for a Democratic Society.)

If this background sounds paradoxical to the creation of wealth, Nichols is, above all, a pragmatist.

Nichols was hired to manage the Cabazon's business affairs by Chief Arthur Welmas, after learning of Nichols' successes with a number of other Indian tribes. Welmas located Nichols on the Seminole Reservation in Florida, perhaps not so coincidentally the location where the concept of Indian bingo first appeared back in 1977.

A family enterprise

The Cabazons wound up with a package deal: Nichols ultimately brought his entire family to work with him. Dr. Nichols is the master strategist; his wife, Joann, who died of cancer in 1983, im-

plemented many of his early plans. Now, Nichols' second-oldest son, John Paul, is project manager; Mark runs the Bingo Palace; Phillip manages the Indian Casino; daughter Candice works in the bingo operation; and Robert is working as a cashier in the bingo hall.

"The federal government created Indian dependency," stated the elder Nichols. "The government determines when and how Indians will spend the monies it provides. But this tribal government decided all monies would be earned outside of the U.S. government and handled like a cooperative. It is the same [as the] kibbutz philosophy used by the founders of Israel."

In a recent article in Los Angeles Magazine, son Mark outlined the Cabazon succeeded to date: "We've been able to provide the Indians with 192 acres of economic development, expanded life expectancies through improved medical programs, individual gains and personal welfare, and money funneled into legal aid. We're the largest employer in Indio. We have 86 employees now, and will be expanding soon to about 150. And we pay more than anyone else, without discrimination."

Chief Welmas adds: "Given the gross value of the land and the improvements per person, each member of the tribe is worth \$250,000. Within 10 years, each individual will be worth \$1 million. No other tribe has that same growth pattern."

Weathering a number of early storms, including raids by local government officials, endless legal wrangling and even a move into Chapter 11 bankruptcy proceedings by the casino, the Cabazons are now, apparently, on the road to prosperity.

As the newest facility, the trap and skeet range has grossed \$250,000 through June 1984: it anticipates a total of \$500,000 for fiscal 1984-85. The range is run by John James, secretary/treasurer and gaming commissioner of the tribe, who, along with Welmas, has the last say on what is done on the reservation and how monies are handled.

The Cabazons' biggest money-maker, however, is the thriving Bingo Palace. Located just off Interstate 10 in the sun-baked desert only 25 miles east of Palm Springs, it opened in March 1983 and grossed about \$2.5 million in its first year. It reportedly will be free and clear

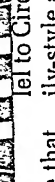
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of its \$254,000 building and start-up costs within the next seven months. This year, John Paul Nichols projects that it will net \$900,000 on a gross of \$3.8 million.

What makes Indian bingo such a draw in Cabazon country is the same thing that has swelled its appeal nationwide: The size of its prizes. In California, for example, state law permits bingo playing only by recognized charity and non-profit groups; the top prize is limited to \$250 per game. But because Indian tribal lands are under federal jurisdiction, they are not subject to state regulatory laws. (With California under the jurisdiction of U.S. Public Law 280, Indians are subject to the state's criminal codes, but have the right of sovereignty over their own civil law. It was under that interpretation that they opened the casino, and set up their own gaming regulations.)

So it was that on a recent Friday evening, in the smoke-filled, windowless hall that held about 400 patrons, an excited murmur swelled to a crescendo as one lucky player shouted "bingo" and walked off with the evening's grand prize of \$5,000.

Cash prizes as large as \$23,000 have been won here and reverse jackpots of \$10,000 are regularly featured on Sunday and Wednesday evenings, with big value merchandise prizes also offered. During June, these included a Dodge Colt automobile, a trip for two to Paris and a golf membership in an exclusive Palm Springs country club.

Crying "unfair competition," churches and other legal bingo-playing establishments have put pressure on government at all levels to outlaw the Indians' high-stakes games.

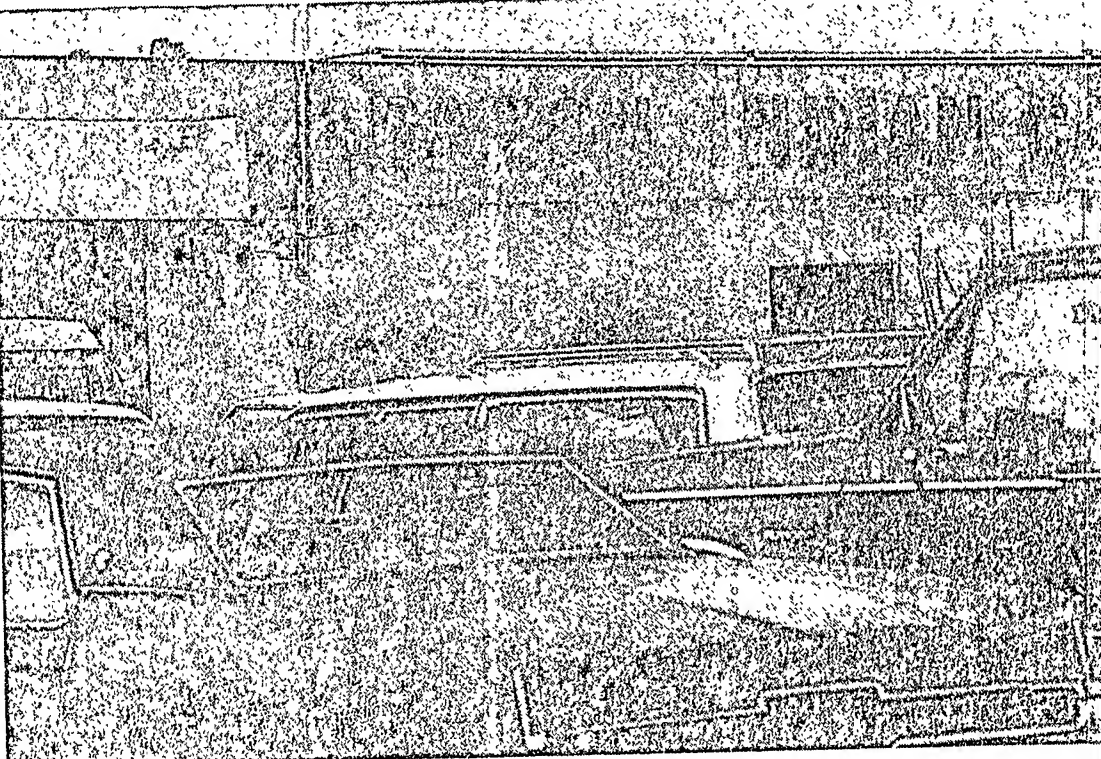
The games have a precedent, however. Indian bingo began in Florida on the Seminole reservation. When the Fifth U.S. Circuit Court of Appeals agreed

'The federal government created Indian dependency... (so) this tribal government decided all monies would be earned outside of the U.S. government and handled like a cooperative.'

—Dr. John P. Nichols, administrator, Cabazon Band of Mission Indians

with a Fort Lauderdale, Fla., judge that the Seminoles could have a bingo hall, even though it was contrary to state law, the floodgates were opened for a wave of big-prize bingo throughout the U.S. Since then, Indian bingo operators have cropped up in a variety of shapes and sizes.

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Cabazon Indian Casino lies directly across the parking lot from the Bingo Palace.

Indian Gambling, explained that Indian bingo operations run the gamut from high-stakes operations (including those with a seating capacity over 1,000 that routinely pay five-figure jackpots), to "very small operations which may have been running for years, maybe one day a week with between 50 to 100 people a week. The biggest facility is located on the Seminole Reservation in Florida, with about 6,500 patrons a week."

The Cabazons take a middle-of-the-road approach to their bingo operations. "We try to make money off extras," says Mark Nichols, "Admissions are supposed to cover prizes and overhead. Some Indian bingo parlors are going to \$60, \$70 or even \$100 packages per night. But here, [the players] can get in for a \$12 bargain package, although most choose the \$18 regular prize package." (A \$28 double prize and \$38 triple prize package are also available.)

John Paul Nichols describes the bingo palace as "Somewhere between church bingo and mega-bingo. Mega-bingo is very depersonalized. Here, we can break even with just 225 in the hall."

In comparing the Cabazons' bingo to huge Indian facilities like the Otoe Missouri Tribe of Oklahoma, whose hall seats 7,000, John Paul likens the difference to that between smaller Las Vegas hotels and such giants as Caesars Palace. The elder Nichols adds, "Our Indian gaming industry is like bringing the family to Las Vegas. There is a parallel to Circus Circus in terms of that family-style approach."

"Politically, Indian bingo should stay with this size," says John Paul Nichols. "I feel that public opinion will surge against [the larger operations.] The common citizen doesn't like [the size of] General Motors. We have an advantage over charity bingo, but we're not so far off that we can't compete."

While the casino is 100 percent owned and operated by the Indians, the Bingo

Palace is under multiple ownership, with 55 percent owned by the Cabazons, 22.5 percent by the Nichols family corporation known as Nicholodeon, and 22.5 percent by Wayne Reeder, local real estate developer. Dr. Nichols holds no part of the family corporation, which is split five ways among his children.

Watchful federal eye

With the hue and cry raised by the states and various private and charity factions over Indian bingo, it is not surprising the federal government is considering legislation to regulate the games, in the form of the Indian Gambling Control Act (H.R. 4566, co-sponsored by Reps. Morris Udall, James McNulty and John McCain).

According to *Indian Finance Digest*, "The bill establishes federal standards and regulations for the conduct of gambling within Indian lands, sets up strict exclusionary measures against possible infiltration of organized crime, and eliminates rigid profit-sharing agreements between tribes and management firms."

Reaction among Indian tribes has been divided. According to John Paul Nichols, the Cabazons support the measure. Many other Indian tribes oppose the Udall bill, however, arguing they are sovereign nations. John Paul agrees with that in theory, but feels that such an attitude is unrealistic and fears even more harsh treatment if some sort of federal legislation is not enacted.

In the meantime, the Cabazons go about their every-day-but-Christmas bingo operation, more concerned with day-to-day issues of increasing attendance and fending off competition.

Marketing bingo, Indian-style

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Dr. John Phillip Nichols, the man whose master plan led the Cabazons to pre-eminence as one of the nation's wealthiest tribes.

fundamentalist population in the small surrounding desert towns, and the natural antagonism of the church-bingo crowd.

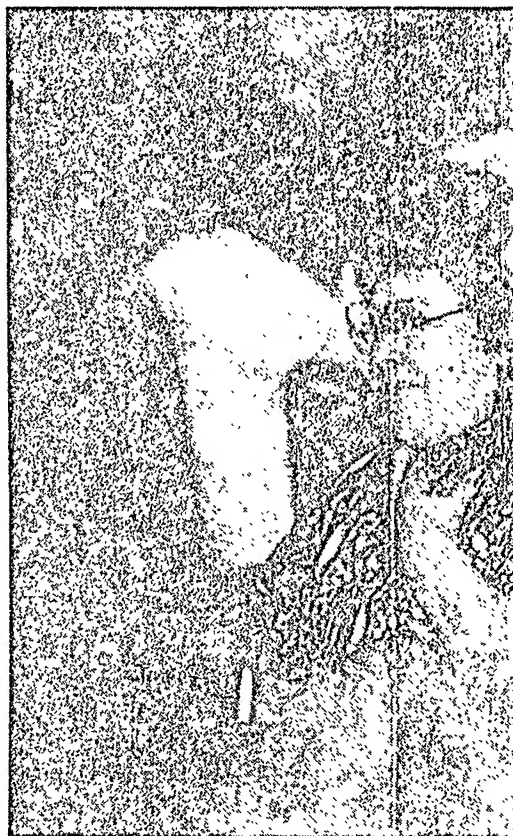
All but frozen out of general interest newspapers, which rejected their advertising after a couple of months because of pressures from church groups and the state, and limited on radio and television to advertising only the restaurant in their casino, the Cabazons have instead pinpointed certain target groups.

They work with a small advertising agency in nearby Palm Desert, spending about \$13,000 to \$14,000 per month, and also advertise in three editions of the Bingo Bugle, a newspaper with a 50,000 circulation in Orange, Los Angeles and San Diego counties.

The Cabazons also send out flyers with discount coupons, circulate special flyers in 7-Eleven stores promoting their Muscular Dystrophy Association charity games. They also have one billboard facing I-10 that has recently been the subject of litigation.



John James, gaming commissioner and Cabazon secretary, also handles the shooters at the tribe's trap and skeet shooting range.



With her hand at her heart, this woman has just evening's top jackpot, \$5,000.

But the Cabazons' most innovative ploy is in producing their own radio show. Spurred on by Nichols, the tribe approached a series of local stations and finally sold their idea for a once-a-week hour-long talk show emanating from the "Bistro Restaurant" at the Indian Casino. Called "The Players' Hour" and airing from 1 to 2 p.m. every Thursday live on NBC affiliate KCRV, the show's host is actor Cameron Mitchell.

Given the number of celebrities who live or winter in nearby Palm Springs, it is not altogether surprising that flyers announce appearances on the show by such names as Johnny Cash, Jonathan Winters and Gabe Kaplan.



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John Paul Nichols (left) is project manager; his brother Mark runs the Bingo Palace.



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Still, in Dr. Nichols' mind, the celebrity value is secondary; what really counts is reinforcing and expanding audience appeal by interviewing regular local players, and by explaining the rules of poker, pan and low ball.

Why did the radio station go for the show in the first place? Dr. Nichols said that since the Indian Casino and Bingo Palace drew more than 5,000 monthly, such demographics were good enough to mount this admittedly unusual type of programming in the wide open spaces of the Desert Empire.

A Federal Communications Commission (FCC) inspector has listened to the show and pronounced it "borderline."

So long as no mention of "money" is made on the air, apparently, it falls within legal bounds.

Bingo as 'therapy'

In addition to attracting the solid citizens who enjoy bingo and poker as part of their regular recreation, Dr. Nichols has also gone after some highly unusual patrons.

Given his background in social work, Nichols does mailings to nearby professionals in the mental health fields and actually gets referrals by psychiatrists in the area who urge certain of their clients to play bingo as a socializing part of their therapy. Nichols also says that the Bingo Palace also draws members of local Alcoholics Anonymous chapters. "Within reason, gambling can be therapeutic," he says.

On the one hand, competition for close-in players has slackened with the closing of the Indian Bingo Village of the Morongo tribe, about 50 miles west in Banning. On the other hand, increased competition comes from Rincon Bingo in Temecula, about two hours distant, and the Seqyan Bank of Missions in Corona Del Mar, about the same distance away.

As a result, the Cabazon tribe has just embarked on its first tentative busing program. Using two 17-seater shuttles, in June the Indians began to bring locals in from the nearby communities of Desert Hot Springs, Cathedral City and Palm Springs. According to John Paul Nichols, however, the program won't be really successful until the buses carry more than 30 per busload.

A few Orange County tour groups also have patronized the facility. Expanding this program will be especially important if the Morongo tribe's bingo operation reopens, as Dr. Nichols anticipates it will.

(In April 1983, the Morongos opened a \$2 million facility, hosting an average of



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(In April 1983, the Morongos opened a \$2 million facility, hosting an average of

1,000 per night, with a minimum nightly giveaway of \$20,000. Their management contract with Indianapolis businessman Walter Justus called for the Morongos to receive \$500,000 per year, in return for his building the bingo hall; after that, the tribe would get only 5 percent of all profits. As a result of that agreement, bitter battles raged within the tribe, and the operation shut down.)

The difference between the Morongos' and Cabazons' management philosophy underscores the apparently unique working environment the Nichols family enjoys.

"From an employee relationship, we have developed into two families working together," John Paul Nichols explains.

Another difference is that on the Morongo property, only 25 percent of the more than 100 people who worked in the bingo parlor making \$4 per hour were Indians. At the Cabazon facilities, any tribe member can work there, if they so choose, at wages ranging from \$5.50 to \$7 per hour.

Because of its admittedly lower-key approach in gaming, the Cabazons "have not experienced a whole lot of direct heat out of Vegas," comments bingo parlor manager Mark Nichols.

However, there has been interest by at least one major bingo machine manufacturer to place its equipment in the Cabazon facility. But because federal law prohibits gaming machinery on Indian lands the tribe is resisting such overtures. Given the amount of litigation the tribe has experienced as a result of its first gaming venture — the Indian Casino (a cardroom) — it is hardly surprising they are staying out of the bingo machine territory.

Located across the parking lot from the Bingo Palace, the Indian Casino, which preceded the Bingo Palace by a couple of years, has battled city, county and state government. The subject of three raids, it finally sought the protection of Chapter 11 voluntary bankruptcy proceedings. But in spite of its traumatic first few years, it has recouped to the tune of \$900,000 gross in 1983.

Began in a trailer

The cardroom was an outgrowth of the Cabazons' first commercial venture under Nichols' guidance: a flourishing smokeshop business, started in a 24-foot by 60-foot trailer. It was forced out of business by a 1980 tax law that prohibited the sale of tax-free tobacco products to non-Indians.

When the nearby city of Coachella voted down a proposed cardroom, the Cabazons decided to get into the business. Unimpeded by local ordinances on their tribal lands, they reasoned, a draw poker, pan and low-ball casino would prove to be a good investment.

In response to the raids on the casino by the city, the Cabazons claimed the city had encroached upon reservation territory and illegally annexed part of it in 1970. In two separate hearings before Judge Laughlin Waters of the Ninth Cir-

cuit District Court in Los Angeles, it was determined that the 1970 annexation was not legal, and that city laws did not apply on Indian territory.

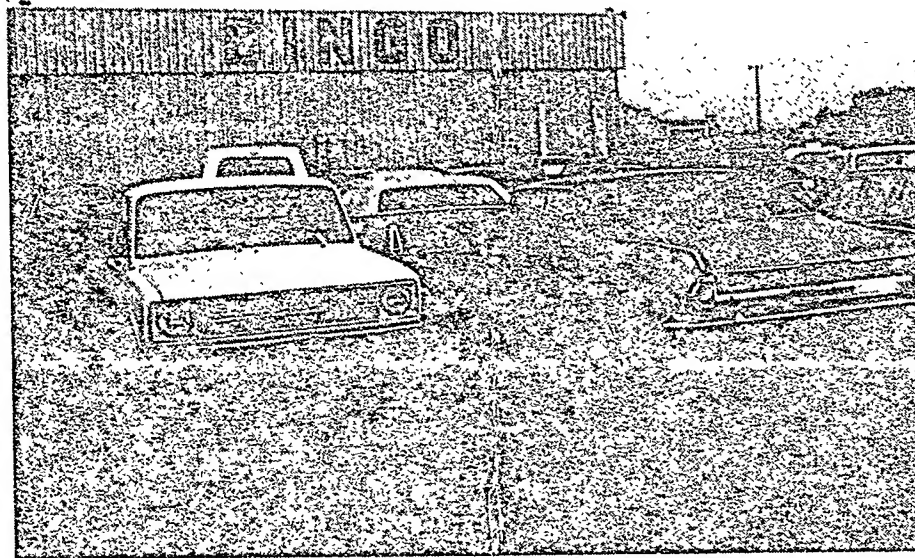
Then Riverside County got into the act, claiming that as an arm of the state it had the right to regulate the cardrooms. Two days before the Bingo Palace was to open, the county staged its own raid. Back went the Cabazon tribe to Judge Waters, first to obtain a temporary restraining order and then a preliminary injunction against the county.

As it now stands, the state of California has joined the county in its suit. The Indians, in turn, are seeking a permanent injunction and are countersuing Riverside County for \$12.5 million in civil rights damages.

"I'm sure we'll be granted a permanent injunction because of precedent," says John Paul Nichols. "The Ninth Circuit court has already said that Indian bingo is legal." Cabazon commissioner James adds that the county had already contradicted its "no-gaming" policy when it allowed the resort community of Elsinore, located within its boundaries, to have a full-blown cardroom facility.

"If we win our case, we'll stop, but the other side will probably appeal. And we'll appeal if we lose. So, because our case is further along in litigation, if the U.S. Supreme Court decides to hear a case concerning Indian bingo, it will probably be ours," notes Dr. Nichols.

John Paul Nichols traces the some-



Cars line up outside the Bingo Palace.

what-litigious history of their gaming establishments to the involvement of baseball figure Leo Durocher, who had been hired by the tribe as a consultant without the prior knowledge that he had once been suspended from baseball for a year for consorting with gamblers. In addition, Durocher brought in the tribe's first casino manager, Rocco Zangari, who had handled baccarat tables at Caesars Palace. Quoted in *Los Angeles Magazine*, the younger Nichols said that Zangari was regarded in the area as an

'obvious crime figure. But the truth is, I don't think Rocco would have made it into the Mafia.'

When the Cabazons eventually fired Zangari, they also realized that the casino was \$250,000 in the hole, and they are now suing him for that amount. Very shortly afterwards, the casino started becoming profitable, but there were not enough resources to pay the back payroll taxes due. As a result, the tribe filed for Chapter 11 bankruptcy protection in December 1981, and have been

and sell as much of it as it you can. When you are supplying a service, however, you want to optimize what is best for that customer and technically and financially sound for your company.

GB: Realistically, where do you see the industry going in the next two or three years? People have been making all

look at all of the racing facilities throughout the country, the same kind of reduction and attendance has taken place. So it's not the fault of off-track betting. I think here in New York, to the contrary, off-track betting has been a blessing for racing—without it, the racing facilities would find it very difficult to maintain their level of profitability.

given until April 1985, to pay the \$153,000 owed.

With California Gov. George Deukmejian recently having vetoed a stud poker bill, and without such games as \$2 blackjack (which is played on the Indian reservation in North Dakota), the younger Nichols foresees only a limited amount of casino (cardroom) expansion. Still, toward that end, the tribe has held discussions with potential investors, none of which has materialized.

Another enticement to potential investors could be the projected quarter horse track. John Paul Nichols estimates that the facility will require from \$8 million to \$12 million; so that investors can secure their money, investments, ideally, should be in the form of package deals. Traditionally, however, such arrangements have been difficult on Indian lands, because all Indian tribes are immune from suit. Then, if a tribe decides to waive immunity, should it be sued and a judgment issued, it can simply refuse to permit anyone to enter its lands.

Nichols' rationale is that broadened acceptance of gaming will open the way for municipal and state governments to get into the field as a means of increasing revenues. As a result, Indian-run gaming ventures will continue to expand. Ultimately, Nichols feels that tribes like the Cabazons also benefit the gaming industry as a whole. Rather than displacing existing markets, it encourages new ones. GB

philosophy of experience, that is, all the resources behind the particular supplier, the track record of the supplier with respect to their systems and the financial resources of that organization—those are substantially more important than the fact that you may obtain a contract on the basis of a low bid.

Because of what I view as a short-

Racing

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L.A. Times
Reservation Boon

Bingo! Indians Hit the Jackpot

By DAVID FREED,
Times Staff Writer

INDIO—After a long day of toiling and broiling under the desert sun, heavy equipment operator Jim Bass is ready for a little after-work action. Climbing into his new pickup truck with his wife, he heads for the nearby Cabazon Indian Reservation.

There, inside a windowless, brightly lit hall that opens every evening, Bass plays bingo twice weekly with as many as 500 others, nearly all of them non-Indians. But the type of bingo played here on the desert east of Palm Springs hardly resembles that offered by the area's churches and posts of the Veterans of Foreign Wars.

The 21-member Cabazon band, which began hosting bingo games in March, doesn't give away canned hams, toasters or savings bonds as jackpot prizes. Jackpots often total more than \$1,000 in cash and have been as large as \$13,000. Next door to their bingo hall, the Cabazons also offer gamblers a round-the-clock poker parlor featuring 24 green felt-covered tables in a room decorated with paintings of weathered, ancestral warriors.

'Just Like Las Vegas'

"This is just like Las Vegas," marveled Bass, 39, on a night when he and wife, Sharon, spent \$80 in bingo cards and won \$200. "Only this is closer than Las Vegas."

High-stakes Indian bingo, a simple and shrewd money-making venture that began six years ago on a Seminole reservation in Florida, has blossomed into a financial boon for the Cabazons and more than 60 of the other 289 recognized American Indian tribes in the continental United States.

Under sovereignty granted by century-old treaties, the Indians are legally exempt from restrictive state gambling laws that limit bingo jackpots, and are luring players by the thousands with prizes that have been as large as \$50,000.

No fewer than six of California's 84 tribes are offering big-stakes bingo, most with financial backing from non-Indian management companies. As many as 30 other California tribes are considering hosting games as well, according to the U.S. Bureau of Indian Affairs.

Reducing Joblessness

Although less than wholeheartedly committed to the idea, bureau directors see reservation bingo as a means of reducing tribal unemployment and dependence on Indian federal welfare programs, which in 1984 are expected to total \$2.4 billion.

Unemployment among the 755,000 Indians who live on reservations is estimated to be as high as 75% among many tribes. On some participating reservations, unemployment has been more than halved through bingo-provided jobs, according to bingo proponents.

The Bureau of Indian Affairs in March formed a 13-member bingo task force that next year is expected to recommend regulations stipulating how the Indians can best spend their bingo proceeds.

Proceeds, indeed. The Seminoles, for example, netted about \$4 million last year from their three bingo halls in south Florida. Oklahoma's

Please see BINGO, Page 3

BINGO: Gamblers Lured to Reservations

Continued from Page 1

land-poor Pawnees have grossed \$500,000 this year from bingo, while the Cabazons predict annual bingo profits in excess of \$800,000.

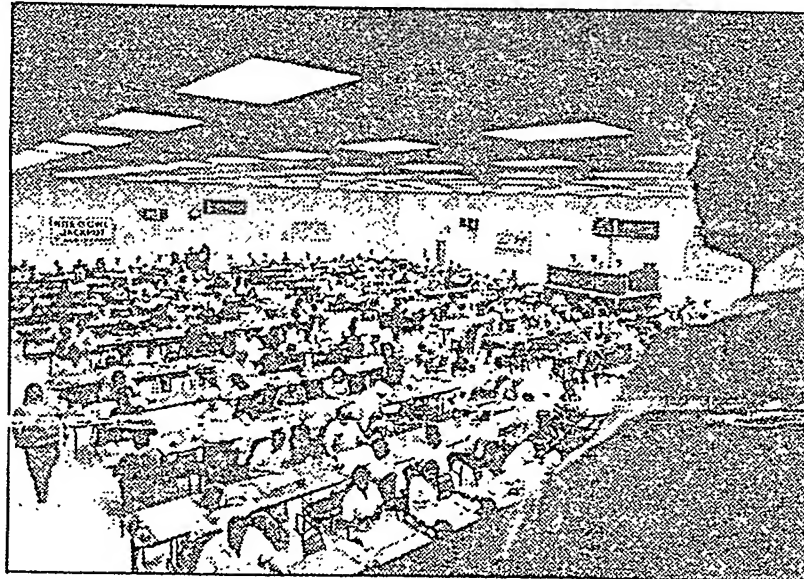
But while several participating tribes have found new financial life through bingo, some surrounding charitable organizations traditionally dependent on the game for their income have gone out of business, bitterly insisting that Indian competition is unfair.

Law enforcement also has expressed disfavor, saying that participating tribes are being manipulated by greedy white men who take advantage of the Indians' unique status.

Authorities in California have tried without success to challenge Indian bingo in court and are continuing their judicial efforts to close the games. Investigators, meanwhile, have predicted that participating reservations will become mob-controlled, Las Vegas-style gambling centers if the games are permitted to go unchecked. That prediction, however, would appear so far to be based more on suspicion than hard evidence.

"It's like honey," explained Robert Corbin, Arizona's attorney general. "Where you have big money, it's only a matter of time before you have organized crime."

But if the Indians are fearful of exploitation, one would never guess it by the number of bingo games



A view of the action with about 300 players, most non-Indians.

that have cropped up throughout the nation.

Riverside County's Morongo Indians claim to offer the nation's richest Indian bingo, giving away new cars each week and a minimum of \$20,000 each night. The tribe's largest jackpot has been \$42,000, according to general manager Robert Ingenito. Each player pays \$45 for the right to play 26 games of bingo, with each jackpot no less than \$1,000.

Since April, when the Morongos

began hosting bingo on their parched 35,000-acre reservation along Interstate 10 near Banning, an average of 1,000 players have packed the \$2-million, 29,000-square foot concrete block of a building that the tribe refers to as its "Indian Bingo Village."

The Cherokees are using a former textile factory in western North Carolina to host bingo. As many as 3,800 players attend their twice-monthly sessions. Busloads of players from as far away as Alabama,

New York and even Canada have ventured to the reservation 50 miles west of Asheville in the quest for bingo riches. Last month, in one night alone, the Cherokees gave away a \$50,000 jackpot and an \$18,000 Cadillac. The per-person entry fee was \$250.

The Fond du Lac Indians near Duluth, Minn., pack as many as 350 non-reservation players into the tribe's community center four times each week, while hundreds of players at the Lac Court Oreilles Reservation in Hayward, Wis., each have paid \$100 in entry fees for the chance to win \$10,000 jackpots.

In Arizona, competition to attract bingo players is intense among the Papago, Pascua Yaqui and Yavapai tribes. So adamant are the Pascua Yaquis that when Atty. Gen. Corbin this year unsuccessfully sought passage of a bill making it illegal for non-Indians to participate in a reservation bingo game, tribal leader Anselmo Valenzuela vowed to make non-Indian bingo players "honorary Yaquis."

The estimated 1,300 people in attendance on the reservation that night cheered.

"We're basically left defenseless because we have no court authority to monitor these activities," Corbin said. "Meanwhile, our charities and churches are hurting."

That damage has been felt in eastern San Diego County, where
Please see BINGO, Page 22

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Pg. 1

BINGO: Big-Stakes Games on Reservations

Continued from Page 3

bingo on the Barona Indian Reservation has been blamed for ending bingo at the Lakeside VFW post and for taking a sizable bite out of bingo crowds at Our Lady of Perpetual Help Catholic Church in Lakeside.

Two weeks before Barona bingo opened in April, more than 300 players went to "giveaway" bingo night at Our Lady in which television sets and calculators were given away along with cash prizes. Weekly attendance now averages a little more than 100 while the Baronas have attracted an average of about 450 players to its evening games. The VFW canceled its games in June, as weekly crowds dwindled to about 60.

California law allows only non-profit organizations to conduct bingo games and restricts jackpots to no more than \$250 per game. The Baronas, whose evening visitors pay a minimum of \$15 to play eight bingo boards, have given away one-game payoffs as large as \$19,000.

"It's human nature that the people should go after the big money," sighed Joseph Thogmartin, who has run Our Lady's games for seven years. "(The Baronas) have taken all the cream and candy off this game."

So, enticing have the Baronas' jackpots been that the tribe is building a new 54,400-square-foot bingo palace to hold 2,000 players, many of whom already travel each night from San Diego, 30 miles away, to the tribe's rocky, remote reservation.

"The Indians themselves are no less noble a charity than the veterans and the church ladies and whatever," said Donald Harrison, a spokesman for American Amusement Management Inc., a Los Angeles-based company that administers the Barona games. "This issue is frequently characterized as the Indians versus the charities. It really is a battle among charities, (and)

the Indians represent one. We don't wish any charity harm."

Elsewhere in California, Indian bingo is being played on the Tachi reservation south of Fresno, the Bishop reservation in Inyo County and on the Santa Ynez reservation, five miles northeast of President Reagan's ranch in the mountains east of Santa Barbara.

In most cases, including the Cabazon and Barona games, the tribes receive slightly more than half of the bingo money they take in. The proceeds are split with white management companies that more often than not construct the massive bingo halls, contract for security guards, buy the necessary bingo equipment and hire the needed personnel.

But the Indians are not always assured of an equitable split.

The Morongos, for example, contracted this year with an Indianapolis businessman, Walter Justus, who offered to build a bingo parlor on land belonging to tribal member Clive Miller. By a 150-149 vote, the 730-member Morongo band agreed to a contract giving them 51% of the annual bingo profits up to a total of \$500,000. Upon receiving their \$500,000, the Morongos' share would decline to only 5% of the proceeds.

After approving the contract, tribal members each received a check for \$342.50, according to tribal Chairman Robert Martin. That represents an initial \$250,025 payment toward the \$500,000.

"That's all we've gotten so far; we haven't seen any other money," Martin said. "It's not a fair split, particularly when the bingo hall is making a lot of money—easily more than \$1,000,000—every week."

Martin said tribal members also are bitter that only about one-quarter of the more than 100 people who work for the bingo operation are Indians, with most making approximately \$4 per hour.

The Morongos hope to negotiate a new contract with Justus next

12-12-83

Pg. 4

month, one that will assure the Indians 60% of the proceeds from bingo played on their reservation. Justus declined to return repeated telephone calls from The Times, although tribal members said he has been amenable to a renegotiation.

A few tribes, traditionally suspicious of white entrepreneurs, have shunned outside help.

Eugene Martinez, chairman of the 1,600-member Paiute band in Bishop, said the largest jackpot his tribe offers in its twice-weekly games is \$400. The crowd averages only about 50 players.

"We're tribally owned and operated; it's low profile and we want to keep it that way," Martinez said. "We've been approached by all kinds of groups wanting us to expand with their help, but nobody out here is looking for a fast buck."

But bucks—pure and simple—are what prompted the Florida Seminoles to develop bingo in 1977.

What cleared the way for the Seminoles and for other tribes was a 1981 decision by the 5th U.S. Circuit Court of Appeals, which agreed with a Fort Lauderdale, Fla., judge that the Seminoles could run a bingo hall even though it is contrary to Florida laws. The appellate court ruled that laws prohibiting actions can be enforced on Indian land, but rules that merely regulate were not applicable.

Another similar reinforcing court ruling came in December, 1982, after San Diego County Sheriff John F. Duffy threatened to raid planned bingo games on the Barona reservation.

The 9th Circuit Court of Appeals held in that case that because bingo is legal in California, the laws regarding it must be considered civil and regulatory in nature, rather than criminal and prohibitory.

The U.S. Justice Department earlier this year attempted to address the question of bingo legality by proposing a regulation that would have given states control over reservation gambling operations. But former Interior Secretary James G. Watt threw out the proposal. Watt said the proposal was counter to the Reagan Administration's Indian policy, which stresses cooperative business ventures between tribes and outside interests.

"Gambling is not something all tribes can look to; it isn't the hallmark of any active economic development, but it will help in some cases," said John Fritz, a Department of Interior deputy assistant secretary for Indian affairs. "Our position has been that tribal governments are, in fact, governments. We want them to strengthen themselves so that they can control their own destiny."

And if that interferes with the interests of non-Indians, such as churches and VFW posts, it will have to be accepted, said Fritz, who is himself part-Western Cherokee.

Reid P. Chambers, a Washington attorney and former Interior official whose law firm represents several Indian tribes presently sponsoring bingo games, agreed with Fritz.

Other Choices

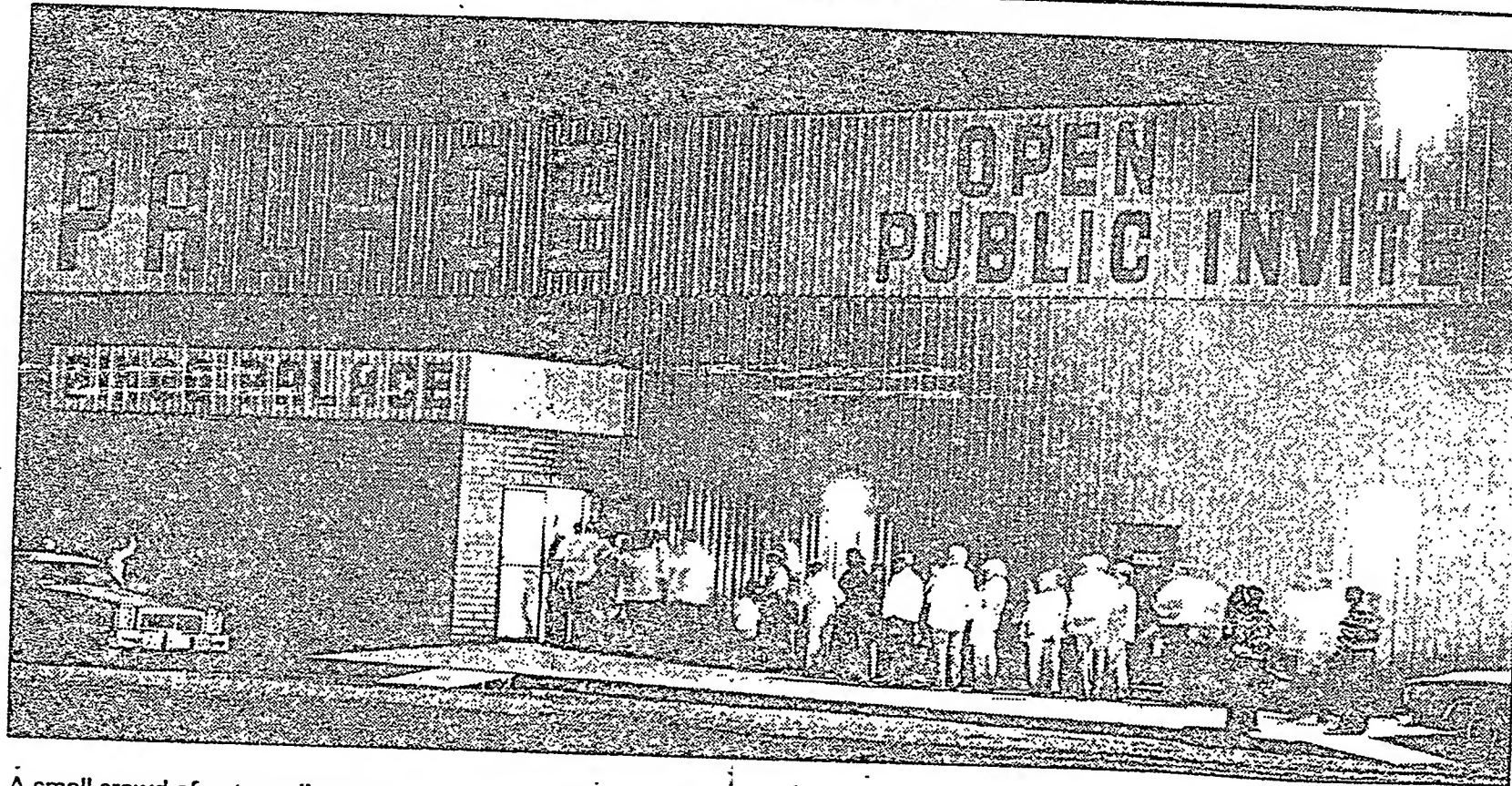
"Even if the Catholic Church can't run its bingo on Tuesday nights, there are other ways for the church to raise money," Chambers said. "The overall value furthered by Indian bingo is the right of a group of people to maintain a separate society and find some way to finance it."

However, the California attorney general's office is convinced that Indian bingo is wrong and has interceded in a pending Riverside County court case that officials are confident will eventually end big-stakes reservation bingo in California and nationally.

Officials believe that the courts have yet to consider a series of longstanding federal laws giving states the authority to regulate reservation matters that are not internal in nature and have not been the subject of congressionally imposed regulations.

U.S. District Judge Laughlin E. Waters in Los Angeles is expected to rule in the case early next year.

"We wouldn't object to tribes developing economically, but it is important to consider what enterprise is being used to get there," said Rudolph Corona, a deputy state attorney general in San Diego. "The people of California in 1976 amended the Constitution to allow bingo for charitable purposes only. Indian bingo is strictly gambling, it is not charitable."



A small crowd of patrons lines up to enter the Cabazon Bingo Palace on a weekday night. Next door is a round-the-clock poker parlor.

BOB GRIESER / Los Angeles Times

(Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.)

PRESS ENTERPRISE
Riverside, CA P B-1

Date: 4/17/85

Edition: Desert Pass

Title: Court ruling may....
allow Cabazons to sell
cigarettes.

Character:

or

Classification:

Submitting Office: LA 183-1746

Court ruling may void tax debt, allow Cabazons to sell cigarettes

By MIKE KATAOKA
Indio-Coachella Bureau

A federal appeals court ruling that exempts California Indian tribes from paying taxes on cigarette sales may clear a \$2 million tax debt supposedly owed by consultants to the Cabazon Indians in Indio.

The decision also raises the possibility that the Cabazons may get back in the cigarette business.

Ruling last Friday on a case brought by the Chemehuevi Indian Tribe, the 9th U.S. Circuit

Court of Appeals found that California law does not require a tribe to pay the state Board of Equalization cigarette taxes.

The Chemehuevis, who have a reservation along the Colorado River near Lake Havasu, sold cigarettes as a tribal business and charged the 10-cent-a-pack tax but, starting in 1977, did not pay the collected taxes to the state.

The Board of Equalization, the California entity in charge of sales tax collection, had sought back taxes from the Chemehuevis

based on a Washington state case decided in 1980 by the U.S. Supreme Court.

Concerning the Cabazons, the board has administrative proceedings pending to collect about \$2 million in back cigarette taxes from John Philip Nichols and his son, John Paul Nichols. The two men are non-Indian consultants to the Cabazon Indians, which operated a smokeshop until 1980.

The senior Nichols currently is in state prison for diagnostic evaluation to help decide his sen-

tence on two counts of murder solicitation. His son was unavailable for comment yesterday.

Glenn Feldman, a Washington, D.C., lawyer who represents the Cabazons, said the appeals court ruling "will make that case (against the Nicholases) moot."

The Chemehuevi decision establishes conclusively that "no taxes were due on those cigarette sales in the first place," Feldman said.

Deputy Attorney General James Cuneo said he was not

prepared to comment specifically on how the Chemehuevi decision affects the Cabazons, but "I see nothing in the ruling that would bar collection of cigarette taxes from individuals."

In the Chemehuevi case, the state initially won in U.S. District Court when a judge ruled that the California tax applied to reservation sales of cigarettes technically was being imposed on non-Indians. Federal law precludes direct state taxation of Indian tribes.

The appeals court in San

Francisco, however, reversed the lower court ruling by making a distinction between California's cigarette tax law and Washington's.

In California, unlike Washington, there is no requirement that a seller pass along a tax to buyers, even if the buyers are subject to state taxation, Judge Stephen Reinhardt wrote in his appeals court opinion.

Ordinarily, the seller would have to pay the state cigarette (See CABAZON, Page B-2)

File

183-1746-41

APR 23 1985

FBI-LOS ANGELES

Cabazon . . .

(From Page B-1)

taxes, whether or not he imposed it on buyers. Since the seller in the federal court case is a California Indian tribe, the state cannot collect the tax, Reinhardt concluded.

"Obviously, we're very pleased with the court's decision," said Feldman, the Cabazons' lawyer.

Feldman said he had filed an amicus curiae (friend of the court) brief in the Chemehuevi case on behalf of the Cabazons and three Northern California tribes: the Bishop Tribe, the Big Pine Band and the Lone Pine Band.

"The 9th Circuit agreed with the position we outlined right down the line," Feldman said.

The Cabazons had operated a

lucrative tax-free cigarette business on their reservation until the U.S. Supreme Court ruling in 1980. The smokeshop folded after California authorities began seizing shipments of cigarettes bound for shops operated by other Indian tribes.

Efforts to continue cigarette sales through a mail-order business failed and the corporation that operated the smokeshop, Cabazon Indian Reservation Sales, Inc., filed for bankruptcy.

The building that had been used for the smokeshop was converted into a poker club, which now operates under a Chapter 11 reorganization plan filed with the U.S. Bankruptcy Court.

The state Board of Equalization attempted to collect about \$1.8 million in back taxes by filing as a creditor in the separate bankruptcy case involving the poker club.

The bankruptcy court con-

cluded that if any back taxes are due, then the state could not try to collect them from the Cabazon band or any of the current tribal enterprises out there because the Cabazon cigarette enterprise operated under a separate tribal corporation and only that corporation was liable for taxes," Feldman said.

After losing the bid for back taxes in court, the state Board of Equalization attempted to collect them from the Nicholises.

"That matter has been before the state Board of Equalization for several months without any action," Feldman said.

The state claims the back taxes owed now approaches \$2 million because of interest and penalties, Feldman said. The Cabazons have insisted all along that they owe the state nothing.

Jim Bertrand, an official with the state Board of Equalization's office in San Bernardino, could

not be reached for comment on the status of the Cabazon case.

"It's a little too early to start thinking about starting up the cigarette business again," said John James, secretary-treasurer of the Cabazons' tribal council.

The Chemehuevi decision could go to the U.S. Supreme Court and be modified, he said.

James also said that it would be unwise to launch a new cigarette business while the tribe still is tied up in bankruptcy court from debts incurred by the original business.

While it is "possible" the Cabazons would reopen a smokeshop, any discussion of that is at least three months away, he said.

Judge Reinhardt wrote that the ruling in favor of the Chemehuevis would not prevent the Legislature from passing a law that would apply the state tax to the tribe.

Adviser to Indians Jailed in Murder-for-Hire Plot

By JOHN KENDALL, Times Staff Writer

The 60-year-old adviser to the Cabazon band of Mission Indians has been arrested in Indio and booked on suspicion of soliciting two police informants to kill from one to four or more persons.

John Philip Nichols, a non-Indian hired to guide efforts of the 24-member band to become financially independent, was arrested late Wednesday afternoon at a motel where, investigators said, his conversation with the informants was recorded.

Police declined to disclose the identities of the supposed victims until they can be notified, but it was learned that some of those named on tape recordings are resi-

dents of the Coachella Valley.

Nichols was held without bail in Riverside County Jail in Indio while investigators prepared to ask the district attorney's office to issue a complaint. If he is charged, Nichols is expected to be arraigned Tuesday.

Indio Police Capt. Carl Kennedy said the initial information about the case came to police from a confidential informant who agreed to work with investigators by recording a meeting with Nichols. Kennedy said police have not determined a motive for the alleged plot.

But, he said, police have been

Please see PLOT Page 2

(Indicate page, name of newspaper, city and state.)

Date:
Edition:

Title:

Character:
or
Classification:
Submitting Office:

Indexing:

Hughes, security director of the Cabazon band's casino and bingo operations for four years until early 1984, reported that he had been instructed in Nichols' presence to take \$25,000 to the mountain community of Idyllwild in the summer of 1981 and to give the money to a man there as partial payment for the Alvarez killings.

Hughes was joined by Indio resident Peter Zokosky, a retired arms consultant who had served as a volunteer financial adviser to the Cabazon band, in demanding a renewed investigation into the Alvarez murders.

The Riverside County sheriff's office and the state Department of Justice responded and started inquiries. But after months without announced results, Hughes went public with his charges last October, then left the state. Zokosky later moved to the Los Angeles area.

At the time of Hughes' statement to the media, John Philip Nichols was reportedly out of the state, but his son, John Paul Nichols, project manager for the Cabazon band, denied the charges and denounced them as "garbage."

Deputy Atty. Gen. Sanford Feldman confirmed in a telephone interview from San Diego on Friday that a special investigations unit of the state Department of Justice is looking into the three murders. But he said, "It (the arrest of Nichols) does not appear to be related to the Alvarez matter."

PLOT: Arrest in Indio

Continued from Page 1

unable to connect the purported murder-for-hire proposal leading to Nichols' arrest with the unsolved July, 1981, execution murders of a former Cabazon tribal official and two others in Rancho Mirage.

The victims, Alfred Alvarez, 32, Patricia Castro, 44, and Ralph Bogel, 42, were found shot to death on

the patio of a ramshackle house. Alvarez had been vice chairman of the Cabazon Tribal Council and security chief of the tribe's poker casino on its 1,700-acre reservation adjacent to Indio.

Shortly before his death, Alvarez told the Indio Daily News that he feared for his life. After the murders, his sister, Linda Streeter, said that Alvarez believed that non-Indians running the casino were skimming gambling profits.

The killings were investigated without success by the Riverside County sheriff's office, but official interest in the murders was renewed last year when Jimmy Hughes, a 27-year-old ex-Army Ranger, told authorities that he had been a payoff man in the Alvarez case.

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JAN 21 1985
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FBI/DOJ

(Mount Clipping in Space Below)

Rincon reservation bingo operation shut

RINCON INDIAN RESERVATION (AP) — The high-stakes bingo operation at the Rincon Indian Reservation has shut down, leaving a handful of winners without prizes and about 60 employees without their final payroll checks.

Meanwhile, the state attorney general's office in San Diego says it is investigating the tribe's bingo operation because of allegations of mismanagement.

Max Mazzetti, vice chairman of the Rincon Tribal Council, says the bingo operation has lost \$500,000 over the past six months and shut down because there was no money to pay winners.

A scheduled \$12,000 payroll last week went unpaid and several players who received new cars as prizes are being threatened with repossession by the dealer, who has not been paid by bingo officials for the cars.

Manager Charles Schlegel said he hopes to reopen the bingo hall in July under a new contract with the tribal council. He said he hopes to restructure what he described as an unrealistic salary schedule, which paid hall workers an average of \$9.40 an hour.

(Indicate page, name of newspaper, city and state.)

PRESS-ENTERPRISE

RIVERSIDE, CA P. B-5

Date: 6/22/85

Edition:

Title: "Rincon reservation
bingo operation shut"

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(1) 198-91

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Cabazon leader scoffs at report

Official denies tribe has gambling ties to organized crime

By JOHN HUSSAR
Desert Sun Staff Writer

INDIO — Cabazon Indian Administrator John Paul Nichols on Wednesday labeled as "hogwash" and "politically motivated" accusations before the House Interior Committee that the Cabazon gambling business has been infiltrated by organized crime.

California Deputy Attorney General Rudolf Corona, testifying in Washington, D.C., Tuesday on legislation to allow state and federal agencies to regulate reservation gambling, said the Cabazon operation is a prime example of why legislation is necessary.

"The most dramatic example of organized crime involvement is that posed in the Cabazon tribal gambling operations," Corona said.

Nichols said the statement was a "matter of semantics. When we found out there were several people in organized crime involved out here, they were quickly terminated . . . I had no prior knowledge . . ."

Nichols, 31, said the Cabazons support a bill by Interior Committee Chairman Morris Udall, D-Ariz., that would give the Interior

Department regulatory authority over tribal-directed gambling.

He said the Cabazons decided not to appear at the Interior Committee hearing. "We felt, politically, we should keep a low profile. Our attorney in Washington, Glenn Feldman, was there, however," he said.

Other tribal representatives around the country testified before the Interior Committee Tuesday, arguing that legislation against Indian gambling would sharply thwart economic development for the nation's tribes.

Corona said Udall's bill should not be enacted because the courts eventually will straighten out the situation. He also said the bill "totally fails to provide adequate safeguards against the intrusion of organized crime." At least some state control should be granted, he added.

In 18 states, 81 tribes are running high-stakes bingo games that are unregulated because courts have held the states have no regulatory authority on the reservations.

Robert Martin, chairman of the

Morongo Band of Mission Indians in Banning, testified in favor of Indian self-regulation to keep out criminal elements. He said 101 members of the tribe were involved in the bingo operation, which brings in an average \$70,000 a month.

Bingo income for the Cabazons also has been profitable, Nichols has said in the past.

Nichols recently took over administrative duties for his father, John Philip Nichols.

The elder Nichols was sentenced to four years in prison last month after pleading no contest to charges he arranged contract murders for two people. No one was injured in the plot that authorities said was unrelated to tribal business. The elder Nichols had been the Cabazons' financial adviser since 1978.

Corona mentioned the elder Nichols in his appearance before the Interior Committee.

Corona also cited an April telecast of the ABC-TV program "20/20," in which the younger Nichols was questioned about accepting "a \$50,000 loan from well-known organized crime associate Tommy Marson."

But Nichols said Wednesday that Marson had no dealings with the tribe. He said the "\$50,000 was a personal loan to me from Mrs. Marson, Roberta."

When tribal leaders learned of alleged organized crime ties of one-time casino manager Rocco Zangari, "he was fired," Nichols said.

"When we found out who they (organized crime figures) were, we totally dissassociated ourselves from them. Remember, that was in 1981," Nichols said.

"In fact, they were banned by us from ever coming on the reservation," he said.

Nichols accused Corona of making untrue statements under the privilege umbrella of a congressional hearing "or we could sue his pants off."

Nichols said Corona "is not an unbiased person. He is in serious litigation with us."

Nichols was referring to the California government's attempt to overturn a 1984 federal court ruling upholding the right of the Cabazon and Morongo tribes to hold for-profit games, which are contrary to state law.

(Mount Clipping in Space Below)

SEE ATTACHED PAGE

(Indicate page, name of newspaper, city and state.)

DESERT SUN,
PALM SPRINGS, CA. P. A-2Date: 6/27/85
Edition:Title: "Cabazon leader scoffs
at report"Character:
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Indexing:

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JUL 1 1985	
FBI-LOS ANGELES	

Memorandum



To : SAC, LOS ANGELES (183-1746) (OC-1)

Date 11/14/85

From : SA

Subject : BINGO-INDIAN TRIBAL LAND
OO: Bureau

PAN AMERICAN MANAGEMENT INC
CIR-GAMBLING
OO: Tampa

No investigation pending, recommended close.

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3 - Bureau (Enc. 4)
(1 - 198D-3102) (Enc. 1)
② - Los Angeles
(1 - 183A-1746)

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U.S. Department of Justice

Federal Bureau of Investigation

Los Angeles, California

In Reply, Please Refer to
File No.

November 5, 1986

CRIME ON INDIAN RESERVATION - GAMBLING

Gambling on Indian Reservations within the Central District of California began in 1980 with the opening of a card parlor near Indio, California. This parlor featuring poker, pan and low-ball was opened by the CABAZON BAND of Mission Indians on their reservation land which lies within the City limits of Indio, California. This card parlor was raided and closed by the Indio Police Department but reopened by virtue of a restraining order against the City of Indio by a Federal District Judge in Los Angeles, California. This order to remain open was later reaffirmed by the Ninth Circuit Court of Appeals. In 1982, this gambling operation was expanded to include bingo. JOHN PHILLIP NICHOLS, his wife and three sons, were hired as the management personnel by the CABAZON BAND. NICHOLS hired [redacted] as the on sight manager of the parlor. [redacted] and his associates including [redacted] are identified as alleged organized crime individuals or associates. Subsequent to the opening of the card parlor, information was received which indicated [redacted] had loaned the CABAZON BAND of Indians \$90,000 towards opening the card parlor. [redacted] was fired by NICHOLS and [redacted] filed a breach of contract suit which he won. NICHOLS maintained that [redacted] was repaid in full. Members of the NICHOLS family have been seen in the company of [redacted] and another associate [redacted]. NICHOLS was subsequently arrested by the Indio, California Police Department in January 1985 on a murder charge for which he was convicted. He is presently serving time in the State Penitentiary system. His wife has since died and the bingo/gambling parlor continues to operate in Indio, California, on a relatively modest scale managed by [redacted] the [redacted] of JOHN PHILLIP NICHOLS. It is not known if the former association between NICHOLS and the above identified individuals continues. No recent information has been received to indicate that it does exist. It is known that local bookmakers frequent this establishment including one bookmaker described as an La Cosa Nostra (LCN) associate.

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CRIME ON INDIAN RESERVATION - GAMBLING

The next Indian gambling operation to begin within the Central District of California was a bingo parlor opened by [] on his own land on the reservation of the MORONGO BAND of Mission Indians between the towns of Banning and Cabazon, California. [] is a member of the MORONGO BAND. An intra tribal dispute arose between [] and the MORONGO BAND of Indians and a vote of the members of the MORONGO BAND closed the [] bingo parlor. [] were known to frequent this bingo parlor but no association was established between them and the owners.

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Following this closure of this [] bingo parlor, the MORONGO BAND of Mission Indians opened a new bingo parlor in 1983 on their reservation land at Cabazon, California. This parlor was mandated by a tribal vote and was initially operated by a three member committee of Indians in connection with managing partners []. Two other partners, [] were killed in an airplane crash at Cabazon, California, in October 1984. Since then, the managing partners has expanded to include several individuals including one [] of Rancho Mirage, California. Reportedly [] has a known association with [] an alleged bookmaker with known relationships with organized crime individuals in Los Angeles, California, Las Vegas, Nevada, Chicago, Illinois, and Denver, Colorado. This particular bingo parlor has enjoyed tremendous success and is operating seven nights a week at near capacity.

Another bingo parlor has also been operating in the Central District of California operated by the SOBOBA Indians on their reservation land near San Jacinto, California. This bingo parlor has opened and closed on three different occasions over the past two years and has just reopened and is being operated by [] and [], a SOBOBA Indian. [] has interest also in a card club at Adelanto, California, and Commerce, California. There is no known organized crime affiliation or connection at this time in regards to this bingo parlor.

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Information received by Los Angeles Division of the FBI from various sources over the past few years has indicated that on more than one occasion, there have been efforts made by organized crime subjects and associates to gain some type of control or influence over the operation of Indian bingo. These efforts have been made due to high volume of monies changing hands in these parlors. Recent information received in August 1986 from a confidential source has advised that Los Angeles area bookmaker [] and another Los Angeles bookmaker [] have been attempting to move into bingo operations in

CRIME ON INDIAN RESERVATIONS - GAMBLING

California including Palm Springs, California, area and San Diego, California, area. Reportedly, [] was attempting to invest \$100,000 in this bingo operation. Previous information received at Los Angeles reflects that [] is associated or aligned with [], a Los Angeles Organized Crime figure and that it is supposition that [] could be representing [] in his endeavors to move into the bingo business. Previous information received at Los Angeles reflected that [] had made efforts to get into the bingo business in several areas of the country including Seattle, Washington; Los Angeles, California, and San Diego, California. Additionally, information received from another confidential source in the Spring of 1986 reflected that the BARONA tribe of Indians who had been operating a bingo parlor in the San Diego, California, area had been making phony jackpot payments to Los Angeles Organized Crime figures as directed by []. This BARONA Indian tribe bingo parlor has since been closed down and has been taken over by a completely different group of operating individuals.

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In conclusion, it is pointed out that the State of California several years ago opted under Public Law number 280 to assume jurisdiction of criminal matters on Indian reservations. California is one of the few states in the United States that exercised such option. Consequently, there are no Crime on Indian Reservations (CIR) type investigations conducted by the Federal Bureau of Investigation in California unless the type of criminal activity involves some form of embezzlement or fraud pertaining to federal money or the federal government such as fraud against the government investigation. This leaves investigation of criminal matters on Indian reservations up to the local authorities. In this regards, the investigations are handled primarily by the Sheriff's Department covering the particular area of the Indian reservation. The Los Angeles Division of the Federal Bureau of Investigation maintains a close liason with the particular Sheriff's Departments covering the Indian reservations as set out above as pertaining to their investigations concerning gambling matters and organized crime influences or connections into these gambling parlors. Additionally, the Los Angeles County Sheriff's Department also maintains a unit that follows gambling activities including operation of bingo parlors on Indian reservations.

3 - Bureau (Enc. 4)
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② - Los Angeles
① - 183A-1746)

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☐ CONFIDENTIAL
☐ UNCLAS E F T O
☐ UNCLAS

Date 11/5/86

TO : DIRECTOR, FBI
 FROM : SAC, LOS ANGELES (198D-91)
 SUBJECT: CRIME ON INDIAN RESERVATIONS -
 GAMBLING

Re Bureau airtel to All SAC's 9/10/86.

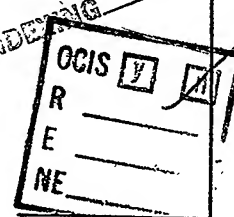
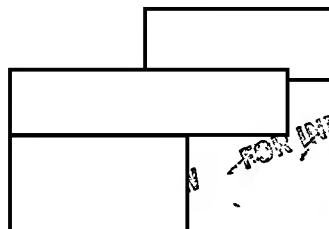
Enclosed herewith for the Bureau are original and three copies of Letterhead Memorandum (LHM) as requested in referenced airtel.

For information of the Bureau, Los Angeles has responded to similar requests over the past few years in regards to gambling activities on Indian Reservations specifically in the area of bingo and card clubs. Los Angeles Division has recommended that the problem of Indian bingo be addressed either at a legislative level or by a regulatory agency. There is no question that organized crime has to some extent extended its tentacles into Indian bingo, however, the extent of the OC influence is unknown due to lack of specific details. This OC influence however could become a problem of major proportions in the years to come due to the fact that such operations of bingo parlors by the Indians is a lucrative source of monies. Additionally, no specific authority for investigating this area or any particular regulatory statutes exist. As the reservations attempt to set up or expand such bingo/card parlors, they would be expected to reach out for a person who is knowledgeable in the gambling field which could lead to some type of organized crime influence.

3 - Bureau (Enc. 4)
 (1 - 198D-3102) (Enc. 1)
 ② - Los Angeles
 (1) - 183A-1746

AJS/BAR
 (5)

CB6



b6
 b7C

Approved: _____

Transmitted _____

(Number)

(Time)

INDEXED

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183A-1746-477
 Per _____
 ARCHED _____

LA 183A-1746

[redacted]
[redacted] as identified in the enclosed LHM, are all members of the Los Angeles La Cosa Nostra (LCN) family with [redacted] being the present boss. [redacted] is an LCN associate both with the Los Angeles LCN family and New York LCN families. [redacted] is also an LCN associate with the Los Angeles LCN family and also Las Vegas OC figures. Additionally, [redacted] is also a known associate of LCN figures in the Los Angeles, San Diego, Las Vegas and Denver, Colorado areas.

b6
b7C

(Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.)

PRESS ENTERPRISE,
Riverside, CA P. B-3

Date: 12/10/86

Edition: Desert-Pass

Title: Supreme Court hears
arguments on Indian
Bingo

Character:

or

Classification:

Submitting Office:

Indexing:

The Press-Enterprise Wednesday, December 10, 1986

Supreme Court hears arguments on Indian bingo

From staff and news services

WASHINGTON — Questions about Riverside County's efforts to shut down high-stakes Indian bingo and concerns over the possibility of the games fostering prostitution, illegal gambling and organized crime were raised yesterday during a U.S. Supreme Court hearing.

Several justices raised the questions during oral argument on the issue of whether state and local gambling laws apply on Indian reservations, a question that 10 lower federal courts in the past five years all have answered no.

The present case stems from an attempt by Riverside County and the California attorney general to stop three-year-old bingo operations on the reservations of the Morongo Indians near Banning and the Cabazon Indians near Indio.

The court's eventual ruling also will affect a third Riverside County bingo operation by the Soboba Indians near San Jacinto, as well as more than 100 commercial games on reservations elsewhere in the nation.

(1) 198D-91
(1) 183-1746-48

SEARCHED	INDEXED
SERIALIZED	FILED
MAY 25 1987	
FBI — LOS ANGELES	
FBI/DOJ	

(Mount Clipping in Space Below)

Justice Byron R. White, a former deputy U.S. attorney general, asked Roderick E. Walston, a deputy state attorney general from San Francisco, representing the state and local authorities: "Who does it make any difference to? Is this just an energetic local prosecutor in Riverside County?"

White wondered what part of his constituency was complaining about the Indian bingo games? "The charities?"

"I suppose so," replied Walston.

California law restricts operation of public bingo games to charitable organizations, with a maximum prize of \$250. Indian tribes contend those restrictions do not apply on reservations held in trust by the federal government.

Walston suggested that the Indians would be allowed to operate bingo games if they adhered to those restrictions.

Riverside County Counsel Gerald J. Geerlings, present at the hearing, said later the county sheriff's office initiated the move against the Indian bingo games after they started in 1983 because it was a matter of statewide interest to uphold the gambling laws.

Geerlings said he was unaware of any pressure from charities on then Sheriff Bernard "Ben" Clark to take such action.

Phoenix attorney Glenn M. Feldman, representing the Cabazon and Morongo Indians, told the nine justices that the tribes are offering a recreational service, plain and simple, in more comfortable facilities than offered by charity-run bingo games.

Justice John Paul Stevens asked Feldman, "What if the recreational services included the opportunity to consume drugs? Or prostitution?"

Feldman replied such criminal activities could be stopped by state laws or by existing regulation of the reservations by the U.S. Interior Department. "The secretary of Interior is not going to allow outrageous activities on

reservations," the attorney contended.

He noted that the department supports tribe-run bingo operations as a means of cutting high unemployment on Indian reservations and thus reducing reliance on federal aid.

Justice Lewis F. Powell Jr. asked Walston the state deputy attorney general if there was any evidence that organized crime had infiltrated any Indian reservation gambling operations.

"We do not allege the existence of organized crime in this case," Walston replied. "The state law is designed to prevent it from occurring."

He said organized crime was attracted by large cash operations, but Feldman contended the average prize at the Cabazon bingo operation was \$184, based on a four-month period in 1984.

Justice Stevens jested, "Perhaps these operations should be subject to truth-in-advertising laws," since they sometimes promise cars, pickup trucks, boats and thousands of dollars in jackpot prizes.

Bingo games on the reservations of the Cabazon and Morongo tribes are for profit and their jackpots include new cars, trucks, boats and cash prizes in the thousands.

Walston said participants can win \$15,000 for one game in some instances, and he said the average player spends \$84 in an evening at one Indian bingo hall.

But Feldman said the offer of the big top prize is misleading. He said during a four-month period in 1984 the average jackpot awarded at the Indian bingo games was \$150.

Justice Antonin Scalia asked why the tribes do not limit the games to \$250 so they would comply with California law.

He said California is outlawing one form of gambling, rather than imposing regulations improperly over Indian affairs. "I think California is prohibiting high-stakes bingo, not regulating bingo," Scalia said.

(Indicate page, name of newspaper, city and state.)

PRESS ENTERPRISE,
Riverside, CA P. B-3

Date: 12/10/86

Edition: Desert-Pass

Title: Supreme Court hears arguments on Indian Bingo

Character:

or

Classification:

Submitting Office:

Indexing:

A bill to establish federal regulation of bingo games on reservations was introduced in Congress but was shelved this year.

Walston said there was disagreement within the Reagan administration over what the proposed federal law should do. The Interior Department, which oversees Indian reservations, favored bingo games for the tribes but the Justice Department wanted stricter regulation, Walston said.

Justice Sandra Day O'Connor said, "You don't concede that the (federal) government encourages bingo?"

Walston replied there is "a pronounced ambivalence" over the issue among federal officials.

The court is expected to issue an opinion in several months on whether to uphold or reverse a U.S. 9th Circuit Court of Appeals decision, issued in February, which said the Indians have an "inherent sovereign right" to conduct gambling on their territory.

The appeals court agreed with the U.S. District Court in Los Angeles (See BINGO, Page B-5).

Bingo . . .

(From Page B-3)

Angeles, which similarly upheld the Indians in 1984.

Nineteen states joined California in urging the Supreme Court to overturn rulings that barred state and county officials from regulating the bingo games.

Bingo games have become a major source of income to many tribes, with non-Indians who visit the reservations comprising the bulk of the gamblers.

The Cabazon and Morongo tribes, which rely on bingo for nearly all their revenue and for most jobs for tribal members, filed a lawsuit challenging the California law and a similar ordinance in Riverside County.

The 9th U.S. Circuit Court of Appeals ruled in February that reservation bingo games must be free from state and local regulation because they interfere with the right of Indians to govern themselves.

The Supreme Court in 1983 ruled that states may regulate on-

reservation liquor sales by Indians to non-Indians. The court said in 1980 that states may tax cigarette sales by Indians to non-Indians in reservation shops.

But the court in other cases has limited state control over Indian affairs.

Nineteen states besides California that support state control over the games are Alaska, Connecticut, Florida, Idaho, Iowa, Kansas, Louisiana, Mississippi, Nevada, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Rhode Island, South Dakota, Utah, Wisconsin and Wyoming.

(Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.)

PRESS ENTERPRISE,
Riverside, CA P. B-1

Date: 1/24/88

Edition: Dessert-Pass

Title: Bingo profits rising
as legal fight brews

Character:

or

Classification:

Submitting Office: LA 183-1746

Indexing:

Bingo profits rising as legal fight brews

By ANDREW NELSON
The Press-Enterprise

Feb. 22, 1985, was a big day for members of the Soboba Band of the Mission Indians: 900 eager gamblers from as far away as San Diego flocked to the reservation's new bingo hall to vie for prizes that included a Cadillac and \$20,000.

Bingo, with its potential for jobs and profits, seemed to be a solution to the poverty and unemployment on the tribe's 5,055-acre reservation.

But a multimillion-dollar lawsuit filed by the tribe against the hall's original operators has lowered some of the Sobobas' high expectations.

Since the suit was filed in July 1986, the case has spawned counter-claims, other lawsuits and complex legal maneuvers and is still in the federal court system in Los Angeles.

Currently, the two sides are engaged in "jurisdictional jousting," said the tribe's lawyer, George Forman of Berkeley. The hall is still operating after a series of openings and closures over the past three years.

The latest skirmish occurred Dec. 7 when a petition to dismiss a counter-claim filed by one of the operators named in the origi-

nal suit, Western Recreational Properties Inc., and four individual defendants was presented to a Los Angeles federal judge.

The company is seeking reimbursement of construction and start-up costs for the \$1.9 million bingo hall it built on the Soboba reservation, said Rodney Walker, Western's San Jacinto-based lawyer.

Walker said a decision on the petition could come by Feb. 22 — the next scheduled court appearance.

The Sobobas filed the original lawsuit on July 22, 1986, seeking \$2.5 million from Western and its partner, Indian Bingo Consultants Inc. of Nevada.

The suit alleges the tribe's contract with the two companies is invalid because the contract never was approved by the Bureau of Indian Affairs, the arm of the federal government charged with the responsibility for Indian tribes.

Also, the Indians contend the tribe never was notified of Western's partnership with Indian Bingo Consultants.

The suit also charges the companies "willfully misapplied" more than \$1 million in bingo revenues and seeks any money

(See: LAWSUITS, Page B-5)

File

183-1746-49

SEARCHED	INDEXED
SERIALIZED MP	FILED MP
FBI — LOS ANGELES	

Lawsuits . . .

(From Page B-1)

collected by the companies from its bingo operation returned to the tribe.

But Walker described the tribe's action as "akin to legalized robbery . . . The Indians have essentially just stolen the hall from the people that built it. It's terribly unfair."

So far, no money has changed hands, and Walker predicted the case will eventually go to court.

"It is big and getting bigger," he said. "It is confusing and becoming more confusing."

But back in 1984, a bingo hall seemed a simple idea.

Bingo, descended from a 17th-century Italian game called "tumble," had proven to be a lucrative business for American Indians since 1979 when the Seminole tribe opened the first hall in Hollywood, Fla.

By the mid-1980s, American Indians, protected from state gaming laws by tribal sovereignty of their reservations, were realizing monthly revenues of \$100,000 to \$1 million with bingo games.

In March 1984, the Soboba tribe voted to approve high-stakes bingo on its reservation. The ac-

tions were not without precedent. In Riverside County, both the Morongo and Cabazon Indians offered the game.

That September, the tribal council signed an agreement with Indian Bingo Consultants to build and operate the Soboba's bingo hall.

Indian Bingo sold the contract to Western, a group of wealthy Arizona investors, for \$25,000. Western proceeded to build and oversee the 1,300-seat gaming parlor that would employ 90 people from the reservation.

But by April 1986, a dispute arose between the tribe and the operators over how bingo revenues were calculated. On June 1, the operators were ordered off the reservation by the Indians. The Sobobas filed their federal lawsuit the following month.

In turn, Western filed a

counter-suit against the tribe for breach of contract. The court eventually ruled in the tribe's favor and Western proceeded to file its claim to recoup its \$1.9 million investment.

Earlier this month, the bureau turned down Native American Management's proposed contract to operate the bingo hall after finding that the firm was linked to a man convicted of fraud.

Now, the Indians are again managing the hall themselves.

Open for the past five months, bingo is grossing from \$1 million to \$1.2 million a month, said Ernie Salgado Jr., a tribal council member and the hall's temporary manager, and is beginning to show a profit.

There are 90 employees, 70 of whom live on the reservation.

Poker . . .

(From Page B-1)

the Cabazon cardroom and prompted Speer and tribal leaders to think about expansion.

Speer said Desert Oasis has been successful in attracting a "high-caliber clientele" from the Coachella Valley and the Los Angeles area but the size and atmosphere of the club pose limitations.

John Paul Nichols, Cabazon tribal administrator, said of Speer, "He feels that he is very constrained in marketing with the existing physical facilities and we agree with him."

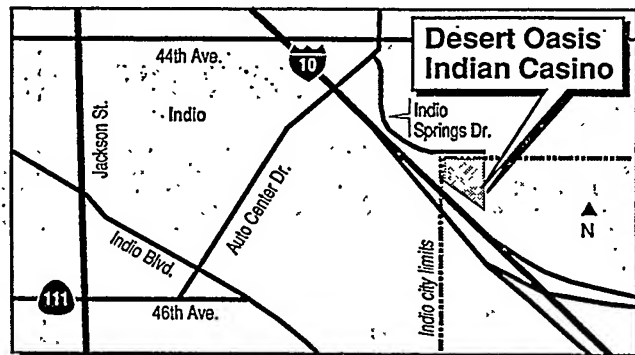
Desert Oasis offers draw poker, 10-ball poker and pan, the card gambling allowed in California cities like Gardena and Bell Gardens under local ordinance.

Construction is set to start in May on a 30,000-square-foot building, including a 10,000-square-foot nightclub. The existing 7,000-square-foot cardroom, built originally as the Cabazons' discount cigarette business in the late 1970s, will be converted into office space, Speer said.

If financing comes through and construction proceeds on schedule, the expanded club — doubling player capacity to 250 — should be open by next January, Speer said.

But before anything happens, the Cabazons need to settle the protracted Chapter 11 bankruptcy case by paying off creditors through a \$200,000 loan to the tribe from Southwest Gaming Inc. Nichols said the major creditor, the Internal Revenue Service, has been paid the \$62,500 claimed in back taxes. Speer said his company advanced a portion of the loan to the Cabazons for the final IRS payment.

The original IRS debt was \$160,000 and has been trimmed



ROGER THIAS/The Press-Enterprise

by a series of payments over the past four years, Nichols said.

The Cabazons' second-largest creditor, the state Employment Development Department, has claimed \$37,000 in employee benefit payments which is to be paid from the loan.

Non-governmental creditors, mostly Coachella Valley businesses who have provided goods and services to the casino, would receive 70 percent of what they are owed, according to the proposed settlement.

Under Chapter 11 proceedings, a debtor is allowed to remain in business while a repayment plan is drawn up to satisfy creditors. The tribe, citing casino debts of \$567,577 owed to 45 creditors, and assets of \$123,859, filed the bankruptcy case Dec. 10, 1981, slightly more than a year after what was then called the Cabazon Indian Casino dealt the first hand.

Nichols said incompetent management caused the downfall of the poker business and he has admitted a mistake in his hiring of Rocco Zangari as the first manager.

Zangari, who was fired Nov. 5, 1981, sued for breach of con-

tract claiming he was owed \$260,000. Zangari's lawsuit was transferred from Superior Court to U.S. Bankruptcy Court and, in court papers, Zangari and Nichols accused each other of mishandling casino funds for personal profit at the tribe's expense.

Ultimately, Zangari's claim was dismissed and he received no money, according to Bankruptcy Court records.

Speer, who had a background in casino management and marketing in Las Vegas, entered into a contract with the Cabazons in July 1986, and renamed the poker club the Desert Oasis Indian Casino to avoid confusing its location with the town of Cabazon to the west.

Before Speer joined the Cabazons' gambling venture, the contract was approved by the Bureau of Indian Affairs and his background was cleared by the Federal Bureau of Investigation, court papers show.

The Supreme Court case still was pending when Speer took over but he was optimistic about the poker club's future. He projected at the time that the tribe, initially guaranteed \$225,000 a year, would net \$700,000 annually

by the end of the five-year management contract.

The terms of the renegotiated contract, contained in the reorganization plan filed with the U.S. Bankruptcy Court, guarantee the Cabazons \$765,000 on the first \$3,656,000 or less of gross revenues in the first year.

The five-year contract takes effect when the expanded casino is completed.

The tribe stands to gain a percentage of the gross revenues exceeding \$3,656,000 based on a specific formula. In addition, the management firm agrees to pay a \$65,000 annual fee to the tribe for cashier services provided by tribal employees.

"We're really enthusiastic about this," Speer said. If all contract options are exercised, he said, Southwest Gaming would manage the Desert Oasis Indian Casino for 20 years.

A statement in the bankruptcy file says that "although the casino still does not show a profit, in part, because of large capital outlay, casino operations continue to significantly improve."

The Cabazons' Bingo Palace next to Desert Oasis is a separate operation that does not involve Speer. But he said the exterior of that building will be upgraded to match the architecture of the casino.

Nichols said there are no local commercial cardrooms competing with the Indian casino, but Coachella Valley country clubs typically have private poker games in their club houses.

"We have to make enough of an architectural statement as a destination resort to get that customer out of Rancho Mirage and Palm Desert," Nichols said. "We're competing against the club houses that exist at places like The Vintage and Monterey Country Club."

(Mount Clipping in Space Below)

Manager proposes plush Indian casino, club

Plans to spend \$3 million-plus

By MIKE KATAOKA
The Press-Enterprise

CABAZON INDIAN RESERVATION — Poker-for-profit on Indian land is possible because of a U.S. Supreme Court ruling in February 1987.

It could become fashionable if the U.S. Bankruptcy Court in San Bernardino Friday approves a proposed settlement to end the Cabazon Band of Mission Indians' cardroom bankruptcy case.

Don Speer, whose Las Vegas-based Southwest Gaming Inc. manages the Desert Oasis Indian Casino for the Cabazons, plans to spend at least \$3 million to convert the tribe's modest cardroom near Indio into a plush nightclub offering live entertainment and gourmet dining along with the poker games.

The Supreme Court held that poker and high-stakes bingo played on the Cabazon reservation and bingo played on the Morongo Indian reservation to the west may not be regulated by county or state authorities. That ruling guaranteed the future of

(See POKER, Page B-7)

(Indicate page, name of newspaper, city and state.)

PRESS ENTERPRISE

Riverside, CA P. B-1

Date: 3/20/88

Edition:

Title: Manager proposes plush
Indian casino, club

Character:

or

Classification: LA 183-1746

Submitting Office:

Indexing:

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(1) 1980-91

(1) 183-1746

op 1

File 183-1746-50

SEARCHED	INDEXED
SERIALIZED	FILED
MAR 26 1988	
FBI-LOS ANGELES	

FBI/DOJ



The Desert Oasis Indian Casino in Indio, where poker, pan and lo-ball are played.

BOB RINGQUIST/The PressEnterprise

Los Angeles Times

LA Times 4-3-86 Part 1, Page 25

Ex-Manager Admits Bingo Scam on Reservation

By CARLA RIVERA, Times Staff Writer

SAN DIEGO—The former manager of bingo operations on a San Diego County Indian reservation pleaded guilty on Wednesday in San Diego Superior Court to four counts of felony grand theft for fixing bingo games.

Under a plea agreement made with the state attorney general's office minutes before he was arraigned, Stewart Siegel of Las Vegas agreed to plead guilty and cooperate with authorities in their continuing investigation of bingo operations at the Barona Indian

Reservation in Lakeside.

Siegel had been indicted by a San Diego County grand jury on March 26 on six counts of felony grand theft in connection with \$139,000 in illegal winnings. The indictment was unsealed Wednesday and Siegel surrendered to authorities.

Prosecutors agreed to drop two theft counts when he is sentenced on July 2. Siegel was released Wednesday on his own recognizance.

At his arraignment, Siegel acknowledged that he rigged the

high-stakes bingo games by "arranging for a person working with me to win a cash prize drawing, rather than a lucky player selected randomly."

The indictment said the accomplice then divided the money with Siegel, who was general manager of the bingo games from October, 1984, to September, 1985.

Siegel was an employee of American Amusement & Management Co. of Los Angeles, with whom the tribe had a contract to manage the games. He left the

company after the tribe accused him of mismanaging profits from the games.

Deputy Atty. Gen. Gary Schons would not say what other aspects of the bingo operations were being probed, but he did indicate that some officials from the Barona tribe and American Amusement & Management Co. were under investigation.

American Amusement & Management Co. officials in Los Angeles and tribal leaders in Lakeside declined to comment Wednesday.

The Barona tribe was one of the first in California to offer high-stakes unrestricted bingo, with some cash prizes totaling nearly \$40,000.

(Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.)

Date:

4-3-86

Edition:

Title:

LA TIMES

Character:

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Classification:

Submitting Office:

Indexing:

Part 1
Page 25CLASSIFIED BY: 1
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Prior To

6-18-98

File No.

100-47-171648

(Mount Clipping in Space Below)

Sobobas shut down casino

The Press-Enterprise
SIOBOBA INDIAN RESERVA-
TION — The bingo parlor at the
Soboba Indian Reservation, which
has been closed for more than a
week, may reopen by early Octo-
ber, according to tribe chairman
Scott Cozart.

While declining to say why
the parlor stopped operating, he
did say the closure is not related
to the \$2.5 million lawsuit the
tribe filed against the former op-
erators, Indian Bingo Consultants,
and their partners, Western Rec-
reational Properties.

The bingo parlor shut its
doors Sept. 5 and posted a sign
stating "Due to circumstances be-
yond our control, Soboba Bingo
will be closed until further no-
tice."

Cozart said the parlor may
reopen as soon as Oct. 1.

The lawsuit charges the op-
erators of the parlor embezzled
earnings from the parlor, and that
the management agreement be-
tween the parties was never valid,
according to George Forman, the
tribe's attorney from the law firm
Alexander and Karshmer in
Berkeley.

The lawsuit stemmed from a
federal investigation into the
management of the bingo parlor
by Indian Bingo Consultants. The
federal investigators concluded in
April that the operators should
repay the tribe about \$200,000 in
back revenue due under terms of
a contract between the tribe and
the management firm.

According to Forman, none
of the money has been paid to the
tribe.

(Indicate page, name of
newspaper, city and state.)PRESS ENTERPRISE,
RIVERSIDE, CA P. B-2b

Date: 9/16/86

Edition:

Desert Pass

Title: SOBOBAS SHUT DOWN
CASINO

Character:

or

Classification:

Submitting Office:

Indexing:

(1) 198D-91
(1) 183-1746

The contract dispute was in-
vestigated by the federal Bureau
of Indian Affairs and by the
Office of the Inspector General,
U. S. Department of the Interior.

The Inspector General's in-
vestigation report was subsequent-
ly sent to the U. S. Attorney's Of-
fice in Los Angeles to determine
whether any federal laws had
been violated. Assistant U. S. At-
torney Tom Hagemann said this
week no criminal charges would
be filed in the matter.

The dispute centered on how
revenues for the tribe were calcu-
lated.

The contract between Indian
Bingo Consultants and the Soboba
Band of Mission Indians was
signed on Sept. 4, 1984. The bingo
parlor opened on Feb. 22, 1985.

The contract required the op-
erators to pay the tribe "20 per-
cent of daily gross remaining in-
come. Daily gross remaining in-
come shall be defined as all bingo
money retained by the business
after prize money has been de-
ducted."

183-174652

SEP 16 1986

Memorandum



To : SAC, LOS ANGELES (183-1746)

Date 10/24/88

From : SA [REDACTED]

Subject: [REDACTED]

b6
b7C

NEW VENTURES;
SOBOBA INDIAN RESERVATION;
INDIAN BINGO

On 10/20/88, a confidential source who has provided information of value in the past provided the following information:

NEW VENTURES is the company that has the contract to operate the Indian BINGO at the Soboba Indian Reservation in Riverside County. People associated with NEW VENTURES and working at the BINGO parlor are:

b6
b7C
b7D

[REDACTED]

[REDACTED]

[REDACTED]

The source advised that these above individuals may have ties to Organized Crime.

It is noted that [REDACTED] maybe the individual mentioned in Los Angeles file 29-15556 in 1985 as [REDACTED]

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b7C

[REDACTED]

Los Angeles file 29-15556 has been consolidated into Los Angeles file 87D-48933, SA [REDACTED] case agent. Los Angeles indices list the following files for [REDACTED] 87-35125*, [REDACTED]

PJA/PJA

(2)

183A-1746-53

(Mount Clipping in Space Below)

Indians gamble on winning race betting

By SHELLEE NUNLEY
Special to The Desert Sun

INDIO — The Morongo Band of Mission Indians is confident in its bid to host off-track horse betting, much to the disquiet of local fair officials.

The band's proposal has nettled officials of the Riverside County National Date Festival, which still is breaking in its successful satellite wagering operation in Indio.

The most exciting gambling the Morongos will see for awhile, however, will be bingo, which resumes on the reservation near Banning in July, Tribal Chairman Dennis Miller said.

The financially stressed bingo

parlor was shut down last October, when it was failing to turn an adequate profit, Miller said.

But getting the bingo operation into healthy shape will be effortless compared to coaxing the state to beam its live racetrack signals to the reservation.

Under current law, satellite wagering licenses are granted only to fair associations recognized by the state.

Miller charges that's unfair, and says he's confident that legislators will realize their oversight.

"We have the absolute legal right to do it," he said. "We have treaties with the U.S. government that are honored, and we want them (state

legislators) to do the same."

Miller said he was a "bit affronted" when he approached the state Horse Racing Board for a license, only to be told the band wouldn't qualify.

"We're at least as important as any city or county in California," he said.

The band's next step will be to lobby for legislation recognizing a "native cultural American fair" and authorizing such a fair to conduct off-track betting, said Al Gergely, a Palm Springs attorney representing Desert Turf Club Inc., a group that has shown interest in managing the band's prospective operation.

In anticipation of this strategy,

the band's tribal council adopted a resolution last April establishing such a fair, Gergely said.

The prospect of local competition is unwelcome news to the Date Festival's board of directors, which has expressed its dissatisfaction to Sen. Robert Presley, D-Riverside, a proponent of the original legislation who has received a resolution from the Morongo band outlining its proposal.

"We've made our position abundantly clear," said Ranny Burke, the fair's executive director. He said legislation allowing off-track betting at fairgrounds was "predicated on the fact that it would benefit the public good."

He said fair associations across the state need the 2 percent cut they collect from the gross wager because they receive no money from the state's general fund.

"This has been a real boon," Burke said. "It has allowed us to do some substantial improvements."

He said the festival's share of the wagering is expected to be about \$250,000 this year.

More than \$2.23 million has been wagered at Shalimar Sports Center in the first four weeks of off-track betting, according to center officials.

A record \$170,471 was wagered Saturday, including betting on the Belmont Stakes from New York.

7-183-1746-53x1

SEARCHED	INDEXED
SERIALIZED	FILED
SEP 21 1988	
FBI-LOS ANGELES	

FBI/DOJ

(Indicate page, name of newspaper, city and state.)	
P.A.-3 DESERT SUN, PALM SPRINGS, CA 6/14/88	
Date:	6/14/88
Edition:	
Title:	INDIANS GAMBLE ON WINNING RACE BETTING
Character:	
or	
Classification:	183-1746
Submitting Office:	LA 183-1746
Indexing:	LA 183-1746-91

36 Part I/Thursday, September 8, 1988

Los Angeles Times

Indians Protest Proposed Gambling Regulations

By MARK LAWRENCE, Times Staff Writer

WASHINGTON—Representatives of a consortium of 200 American Indian tribes, dressed in full ceremonial regalia, gathered Wednesday on Capitol Hill to lobby against a Senate bill that would allow federal and state governments to have roles in the regulation of gambling on reservations.

Tribal officials said that the bill, if passed, would subvert the semi-sovereign status of Indian reservations and threaten a valuable source of revenue and employment that some tribes are relying on to help pull themselves out of poverty.

"This is an extremely dangerous precedent for the government to

set," Doran L. Morris, chairman of the Omaha tribe of Nebraska, said at a news conference called to kick off the lobbying campaign. He said it is the first time the federal government has tried to subject reservation economic activity to state regulation and may portend further erosion of American Indian rights.

Protection From Crime

Congressional proponents of the bill and representatives of the gambling industry have said that the legislation is necessary to protect reservation gambling from infiltration by organized crime.

Although only one person has

been convicted on charges associated with reservation gambling, several investigations are under way and crime is expected to increase as reservations adopt more sophisticated forms of gambling, according to an aide to the Senate Select Committee on Indian Affairs.

The aide, who spoke on condition of anonymity, said that the bill would not compromise the sovereignty of reservations because it calls for regulations agreeable to both states and reservations.

Under several agreements between the federal government and Indian tribes, reservations are allowed to maintain their own gov-

ernments, which are exempt from state laws, and are permitted to set their own commerce regulations.

In the last 15 years, more than 100 reservations have turned to gambling—primarily bingo, but in some cases slot machines, blackjack and other casino games—as a way of raising revenues and relieving unemployment that has reached 80% on some reservations. Last year, gambling on reservations raised about \$550 million.

Senate Vote Scheduled

"Just at a time when we are making great strides in improving the way in which we live, Congress may stop us dead by enacting this bill," Morris said. The Senate is scheduled to vote on the bill this month, and the House may vote on similar legislation in a few weeks.

Picture on Page 2

(Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.)

Date:

9-8-88

Edition:

LA TIMES

Title:

Part 1

Character:

Page 36

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1A 183-1746-SX2

SEARCHED	INDEXED
SERIALIZED	FILED
SEP - 9 1988	
FBI-LOS ANGELES	

FBI/DOJ

(Mount Clipping in Space Below)

Satellite links 13 Indian bingo halls for MegaBingo

The Press-Enterprise

MORONGO INDIAN RESERVATION — The payoff is big in Oklahoma bingo.

And the Morongo Indian Bingo hall wants to take a crack at it.

It is possible now, thanks to a new satellite hookup. Morongo Bingo is one of 13 Indian bingo halls across the country that will receive a closed-circuit broadcast from the Creek Nation Bingo Hall in Tulsa, Okla.

Why the rush to play Oklahoma bingo? Because it means participation in a new game called "MegaBingo" — the first player who blacks out all 25 squares on their bingo card in 50 balls or less will receive \$500,000.

"This game helps the hall, increases the attendance, and heightens the awareness of bingo," said Jack Salinger, general manager at the Morongo Bingo hall. The satellite receiver and audio-visual equipment took 2½ months to install.

Beginning Nov. 18, MegaBingo will be telecast live via satellite between 7:15 p.m. and 7:30 p.m. Thursdays through Sundays at the Morongo hall, Salinger said. Gamma International

(See BINGO, Page B-2)

(Indicate page, name of newspaper, city and state.)

PRESS ENTERPRISE,
Riverside, CA P. B-1

Date: 11/12/88

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Title: Satellite links 13
Indian bingo halls for
MegaBingo

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Bingo . . .

(From Page B-1)

al. Ltd, a Texas-based gaming company, is managing the electronic network.

The telecast will include audio and visuals of each numbered ball drawn by the caller in Tulsa. Cost of the game is \$5.

Three other state Indian bin-

go halls are receiving the game via satellite, including the Caba-zon Reservation near Indio, the Barona Reservation near San Diego, and the Robinson Rancheria in Lake County. Bingo halls in Arizona, Minnesota, Wisconsin, and Florida also are participating.

Besides the \$500,000 jackpot, players can also compete for major cash prizes in MegaBingo. Winners are flown to Oklahoma to retrieve the money.

Officials from Gamma International said 70 percent of the gross MegaBingo revenues are paid out in prizes, and 15 percent goes to the participating halls.

SERIALIZED

FBI/DOJ

(Mount Clipping in Space Below)

Cabazon bingo casino listed as Mafia-tied

By MARTIN SALDITCH
The Press-Enterprise

WASHINGTON — A former Mafia member yesterday listed the bingo casino at the Cabazon Indian Reservation near Indio as among 12 in the nation involved with organized crime families, but he offered no specific evidence to substantiate the claim.

"An organized crime family is believed at the Cabazon Rancheria," the man identified only as "Marty" told a Senate Indian Affairs subcommittee investigating graft and corruption among Indian tribal governments.

The witness, who was hidden from view and had his voice electronically altered to keep secret his identity, said he ran an Indian

bingo casino in the western United States, skimming at least \$600,000 to \$700,000 over six years for a crime family.

The Cabazon casino and one in Lawton, Okla., were the only operations he specifically identified among the 12 Indian gambling operations he said were linked with organized crime families. He did not identify which of three Indian bingo casinos in Lawton he was referring to.

Nor did "Marty" provide any specifics regarding organized crime at the casino operated by the Cabazon Band of Mission Indians. The Cabazon reservation is not known as a rancheria, which

(See INDIANS, Page A-4)

(Indicate page, name of newspaper, city and state.)

PRESS ENTERPRISE, P. A-1
Riverside, CA

Date: 2/9/89

Edition: Desert-Pass

Title: Cabazon bingo casino listed as Mafia-tied

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Submitting Office: LA 183-1746

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FBI — LOS ANGELES	

FBI/DOJ

Indians . . .

(From Page A-1)
is a small reservation.

Manny Fierro, lobbyist for the National Indian Gambling Association, objected to the unidentified witness's branding the Cabazon casino as being involved with organized crime.

He told the Senate panel that the "unsubstantiated claims" of the former Mafia member unfairly "gives the whole (Indian gambling) industry a black eye."

Fierro said the Cabazon casino has been examined by state officials, and is considered free of organized crime involvement.

Also testifying at the Senate hearing was Robert Morehouse, administrator for California Attorney General John Van de Kamp, who cited past criminal activities at Cabazon's Indian card game casino which went bankrupt in 1981; at the Barona Reservation in San Diego County; and the Jackson Rancheria in Amador County.

The state attorney general's representative said "law enforcement remains concerned about high stakes bingo operations" on reservations but did not cite any current organized crime activity at the 27 California Indian bingo casinos.

In Riverside County, such casinos operate at the Morongo reservation near Banning and the Soboba reservation near San Jacinto.

Those operations triggered a 1987 U.S. Supreme Court decision which held that state and local governments had no authority to prohibit or regulate Indian reservation commercial gambling un-

less authorized by federal law.

Congress last fall established a three-member National Indian Gaming Commission to supervise Indian bingo, lotto, poker and punch card games, although members have not yet been appointed by President Bush.

The new law requires state government approval for Indian reservation slot machines, horse and dog racing, blackjack and jai alai, if such gambling is allowed elsewhere in a state.

The gambling operation at the Cabazon casino has been cited as a prime reason that state and federal governments should be allowed to supervise reservation gambling.

The casino filed for reorganization under federal bankruptcy law in 1981 when it was \$500,000 in debt. According to the state attorney general's office, John Paul Nichols Jr., the Cabazon's tribal administrator, has admitted to receiving a \$50,000 loan from organized crime associate Tommy Marson.

In addition, Irving "Slick" Shapiro, another associate of organized crime, worked with Zangari in running the casino.

The casino operation has since found new backers. Nichols was not available for comment yesterday.

Organized crime figure Rocco Zangari managed the Cabazon Indian Casino's cardroom until he was fired in 1981.

Last year, he was sentenced to five years' probation and a \$2,000 fine after pleading guilty to federal racketeering charges in Los Angeles. He was identified in the indictment in that case as an associate of Peter Milano, whom

federal prosecutors identified as the leader of mob activities in Southern California until his conviction for racketeering.

The hidden former crime figure testified that the Luchese, Bufalino and Lansky organized crime families were the Mafia ones primarily involved in Indian gambling, and warned their influence will spread if federal oversight is not increased.

"In 10 years, it will be totally out of hand," he warned.

"Marty" said the Indians were "good people, but they need help. Organized gambling is destroying the Indian reservations." He said bingo games were rigged with weighted balls or by awarding false prizes to criminal confederates in the audience.

The witness alleged that gambling receipts are stolen by criminal operators through inflated salaries and payments to fictitious employees.

He testified that Anthony Accetturo, an alleged caporegime in the Luchese organized crime family, secretly controls one of the nation's largest bingo supply companies.

However, a senior FBI official said "direct involvement by La Cosa Nostra in Indian affairs has been limited."

Anthony E. Daniels, deputy assistant director of the FBI's criminal investigation division, testified that evidence of the last such involvement dated back to the late 1970s and early 1980s on the Seminole reservation in south Florida.

Press-Enterprise staff writer Bob LaBarre contributed to this report.

(Mount Clipping in Space Below)

(Indicate page, name of newspaper, city and state.)

PRESS ENTERPRISE, P. B-1
Riverside, CA

Date: 2/11/89

Edition:

Desert-Pass

Title: Indians deny link
to crime

Character:

or

Classification: LA 183-1746

Submitting Office:

(1) 198-91

Indexing:

Indians deny link to crime

By DAVID BOYLES
The Press-Enterprise

The Cabazon Band of Mission Indians yesterday denied allegations by a former Mafia member that organized crime families are involved in Indian bingo and casino operations on the reservation near Indio.

In a copy of a letter to a U.S. Senate Indian Affairs subcommittee investigating graft and corruption among Indian tribal governments, Cabazon tribal chairman Arthur Welmas said he "categorically denies" that Cabazon Indians or their gaming enterprises "are controlled, infiltrated, or in any way connected with organized crime."

On Wednesday, a witness identified only as "Marty" told the subcommittee in Washington, D.C., that the Cabazon reservation was involved with organized crime.

"Marty," whose identity was kept secret by the subcommittee, said he ran an Indian bingo casino in the western United States and illegally skimmed hundreds of thousands of dollars for a crime family.

In his testimony, "Marty" did not provide specifics regarding his allegations of organized crime at the Cabazon casino.

"The unsubstantiated hearsay testimony offered by 'Marty' makes it evident to us that he has no first-hand knowledge whatsoever of the history or the current operation of our bingo parlor or card room," Welmas stated in his letter.

Welmas said that "Marty" in his testimony, erroneously referred to the Cabazon reservation as a "rancheria."

The Cabazon reservation is not known as a rancheria, which is a small reservation.

"The fact that 'Marty' did not know this most basic information plainly indicates to us that he has never been on the Cabazon Reservation nor has he had any first-hand dealings with the Band," Welmas wrote.

Concerning the Cabazon casino, Welmas said "tribal members are fully involved in all aspects of the operation, including the counting of receipts. The suggestion that this tribal operation is presently controlled by organized crime would be laughable, if it (See INDIANS, Page B-6)

Indians . . .

(From Page B-1)

had not received such widespread attention."

Also testifying at this week's Senate subcommittee hearing was Robert Morehouse, administrator for California Attorney General John Van de Kamp, who cited past criminal activities at the Cabazon card game casino, which went bankrupt in 1981.

Welmas' letter referred to a "rehash of old allegations" dating from the late 1970s and said the

state Attorney General's Office "has been given the opportunity to present innuendo and half-truths" to the subcommittee.

"We take great exception to the unsubstantiated allegations presented before your Committee this week and would request that this letter be made a part of the Committee's record," Welmas concluded.

In a press release, the Cabazon Band said their letter had been sent to U.S. Sen. Dennis DeConcini, D-Ariz., chairman of the Special Investigations Committee of the Senate Select Committee on Indian Affairs.

SEARCHED

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(Mount Clipping in Space Below)

See Attached Page

(Indicate page, name of newspaper, city and state.)

DESERT SUN

Palm Springs, CA P. A-3

Date: 12/21/88

Edition:

Title: Gambling seen as threat to Indians.

Character:

or

Classification:

Submitting Office: LEA 183-1746

Indexing:

183-1746-5413

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VALLEY

Inside:

Across the valley / A4

On the record / A5

News from back home / A6-7

A3

WEDNESDAY, December 21, 1988
Keith Carter, managing editor / news: 325-8666

Ex-CHP dispatcher admits sex offenses

INDIO — A former California Highway Patrol dispatcher pleaded guilty Tuesday to two felony counts of oral copulation with minors.

Richard Medina, 33, of Coachella, entered the pleas before Municipal Court Judge B.J. Bjork, who set a Feb. 1 sentencing date in Superior Court.

Medina faces a maximum two-year prison sentence, but could be placed on probation, Deputy District Attorney Robert Ebert said.

The sex offenses involved two San Bernardino boys, ages 17 and 14. Under terms of a plea bargain, a sodomy charge will be dropped.

Medina, who remains free without bail, resigned in November from the Indio CHP office, where he had been a dispatcher for 10 years. Before that, he was a dispatcher for the Coachella Police Department.

Mothers of the two victims said afterward they were disappointed but went along with the plea bargain on the advice of the district attorney's office.

"It's unfair — it's just a slap on the hand," one mother said.

Builder asks city to pay for sidewalk

PALM SPRINGS — The City Council, acting as the Redevelopment Agency, Wednesday will consider a request to spend \$50,000 for decorative sidewalks around a new medical office building at North Palm Canyon and Tachevah drives.

Desert Professional Building Partners say they need financial assistance to install multi-colored surfaces as sidewalks along a 900-foot frontage area around the Palm Springs Medical Arts Building at 1100 N. Palm Canyon Drive.

Without the \$50,000, gray cement sidewalks will be installed because the project, which is under construction, has exceeded its budget.

The city's North Palm Canyon

Gambling seen as threat to Indians

Bureau head warns bloodshed follows crime

By CHUCK RAASCH
Gannett News Service

WASHINGTON — Gambling could be the "death knell" for some Indian tribes because it invites organized crime, says the outgoing head of the Bureau of Indian Affairs.

"It's going to be one of the most serious issues in Indian country within five years," Ross Swimmer said. "And I think it could be so serious, it could threaten the very existence of these tribes."

"If and when it gets out of control, there will be bloodshed out there, there are going to be people that are going to be threatened and it is going to be chaotic," said Swimmer, who plans to resign by mid-January.

Swimmer said he advised President Reagan not to sign a bill authorizing an oversight commission on Indian gambling, but the president did sign in October. Swimmer, former principal chief of the Oklahoma Cherokee, said that while many tribes have proven they can manage bingo, the more sophisticated types of gaming — horse and dog racing, and casino gambling — invite corruption.

Swimmer's three-year tenure has been marked by conflict and

"It's going to be one of the most serious issues in Indian country within five years."

Ross Swimmer
Bureau of Indian Affairs

controversy. The National Congress of American Indians several times called for his resignation, charging that his plan to turn education and welfare programs over to tribes merely were a disguise for elimination of the government's complex "trust responsibility" with Indians.

Others have charged Swimmer, a lawyer and banker, is out of touch with life on reservations.

Investigators for a Senate committee also have spent a year probing alleged widespread mismanagement and corruption within the bureau. Swimmer said the allegations occurred before he took office.

Swimmer estimated Indian tribes get \$250 million a year in gambling revenue and that some, like the Seminole in Florida and Oneida in Wisconsin — successfully have handled bingo. But some tribes and states aren't ready for the more sophisticated

Bingo official blasts allegation that tribal gaming invites organized crime

By MARLENE MORGENSTERN
The Desert Sun

INDIO — Bureau of Indian Affairs director Ross Swimmer's claim that certain tribal gambling invites organized crime is a "red herring" that stems from his opposition to gambling, an Indian bingo official said Tuesday.

"That tends to be the argument that anyone who opposes gambling says," said John Paul Nichols, general manager of the Cabazon Bingo Palace in Indio. "The fact of the matter is, there is no substantive case anywhere in Indian gaming."

Nichols said Swimmer's views did not reflect the opinions of most tribal chairmen.

Of all types of Indian gaming, Nichols said, "I think that our mechanism is in place to keep organized crime from infiltrating. The mechanism is federal and state law enforcement. They go to jail."

forms, he said.

"They are into something that is foreign to them and to most of the people around them," Swimmer said. Tribes "will be controlled more by outside forces than they

Nichols' is secretary-treasurer of the California Indian Gaming Association, which represents 25 tribes. He also is a director on the board of the National Indian Association, which was involved in getting legislation passed through Congress that authorized an oversight commission on Indian gambling.

Nichols noted Swimmer fought against the legislation but it was passed by Congress and signed by President Reagan.

"Ross Swimmer is crying, in a sense, over spilled milk because he opposed the legislation," Nichols said. "He just is a good Republican, a banker, and he's saying the kinds of things a banker would say about gambling."

Since Swimmer plans to step down by mid-January, "he doesn't have to worry about retaining his job anymore," Nichols said.

will have control of."

He added: "You have got some people involved in there who just don't like competition, or if they do, they want control. You are going to find organized crime fig-

ures in it."

Already, the bureau has a gambling "black list," Swimmer said.

The government spends \$3 billion a year on programs for 1.7 million Indians; about \$1 billion is funneled through the bureau.

Swimmer has advocated wiping out many of these programs, replacing them with direct grants. He said many programs hamstring tribes with needless rules, feed the bureau's bureaucracy and perpetuate a "failure syndrome."

Tribes get money by proving how needy they are, preventing them from putting dollars into truly successful programs, Swimmer said.

But he said some tribes shun self-determination because they fear failure.

"Right now, tribes receive money, (and) if they don't succeed in whatever it is they are doing, there is always a federal agency to blame, by both sides — Congress and the tribes."

Swimmer said about 50 of 310 recognized tribes "are truly approaching self-determination."

He acknowledged he's had a tense relationship with many Indian leaders, but argued President Reagan has been good for Indians, despite statements by former Interior Secretary James Watt (who called reservations examples of failed socialism) and the president (who erroneously said Indians were not citizens).

Heart patients celebrate life by playing golf

Select group enjoys event at The Club at Morningside

Desert Sun staff



La Quinta votes to join valley tourism bureau

Desert Sun staff

LA QUINTA — The City Council on Tuesday unanimously approved a joint powers agreement to join a regional tourism bureau, officials said.

The Council also voted 4-1 to pay \$20,000 to the embattled Desert

(Mount Clipping in Space Below)

MegaBingo tries again at Cabazon, Indio parlors

By MARLENE L. MORGENSTERN
The Desert Sun

MegaBingo, a nightly high-stakes game with a \$500,000 jackpot, begins tonight in the Coachella Valley.

Two area bingo halls — in Cabazon and Indio — will join 11 others on Indian reservations nationwide in the game that will be broadcast via satellite from Tulsa, Okla., said Betsy O'Brien, a spokeswoman for

the MegaBingo game.

The game received the go-ahead Thursday morning from the federal Bureau of Indian Affairs, O'Brien said. The U.S. Supreme Court has ruled that the high-stakes bingo games are legal on Indian reservations.

MegaBingo had been scheduled to get under way in November, but technical problems, then a demand

See BINGO/A16

(Indicate page, name of newspaper, city and state.)

DESERT SUN,
Palm Springs, CA

P. A-1

Date: 2/17/89

Edition:

Title: MegaBingo tries again
at Cabazon, Indio parlors.

Character:
or

Classification:

Submitting Office: LA 183-1746

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183-1746
1-198-91

Bingo

Continued from A1

by the Bureau of Indian Affairs that it review the contracts covering the games, caused a three-month delay.

The games will be played at 7:15 p.m.

At the Cabazon Bingo Palace on Indio Springs Drive in Indio, it will be offered every night. It will also be played at the Morongo Bingo hall off Interstate 10 in Cabazon, which is open Thursdays through Sundays.

About 15 percent of the profits will go to the halls, said Pamela Schuman, media manager for Morongo Bingo Enterprises. The

rest will go to Gamma International Ltd. of Dallas, which created the game and manages it.

"We anticipate that it should act as an incentive to bring in 200 to 300 players a night," said Jack Salinger, manager of the Morongo hall, which has about 2,300 seats.

Each MegaBingo card costs \$5, plus the price of admission to the halls.

The price of admission to the Indio hall, plus a bingo package is \$11 to \$20 (Wednesday and Thursday are bargain nights).

At the Morongo parlor, there are \$25 and \$45 admission packages, depending on the payoff, Salinger said.

183-1746-55

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SERIALIZED	FILED
MAR 6 1989	
FBI - LOS ANGELES	

(Mount Clipping in Space Below)

Indians stand by operator of poker club

By MIKE KATAOKA
The Press-Enterprise

John A. James, the Cabazon Indians' gaming commissioner and tribal chairman, has an optimistic outlook for reservation gambling despite criminal charges against the Las Vegas man who manages the tribe's poker club.

James said he still supports Don Speer and Speer's firm, Southwest Gaming Inc. of Las Vegas. Speer, his associate Michael Riordan and two others face felony charges in Los Angeles County Superior Court stemming from alleged embezzlement from the California Bell Club that Southwest Gaming also manages.

The criminal complaint against Speer and the other defendants alleges that they added poker chips to the California Bell Club's drop slot to inflate earnings and increase their management fees. The case was investigated by the organized-crime unit of the Los Angeles County Sheriff's Department.

James said there is no evidence similar activity has occurred at the Cabazon's poker club, the Desert Oasis Indian Casino, outside of Indio.

(Indicate page, name of newspaper, city and state.)

Press Enterprise,
Riverside, CA

Date: 8/4/89

P. B-1

Edition:

Desert Pass

Title: Indians stand by
operator of poker club.

Character:

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Submitting Office: LA 183A-1746

Serial 50

Indexing:

"He hasn't done any maneuvering that we can see," James said. Any fraud would involve doctoring paperwork and there is no evidence of that either, he said.

"We presume he's innocent. He indicated to us that Nevada people are after him," James said. "We told him we'll hold our ground."

The tribal chairman said he is not sure who the "Nevada people" are but he does know the gaming business in that state is highly competitive.

Deputy Attorney Gen. Rudolf Corona Jr., who has been involved in state and county efforts to shut down gaming operations on the Cabazon reservation, said yesterday.

(See GAMBLING, Page B-2)

183A-1746-55X1

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AUG 14 1989	
FBI - LOS ANGELES	

Gambling . . .

(From Page B-1)

day that Speer's future with the tribe could be decided at his trial or possibly by the National Indian Gaming Commission. The commission was established by Congress last fall to supervise Indian gaming.

If convicted, Speer would have to sever his relationship with the Cabazons, Corona said. But an acquittal is "not conclusive" as to Speer's future, he said.

After the trial, the commission could choose to conduct a separate investigation into Speer's fitness to remain a Cabazon contractor and sever the association as a condition for the poker club to continue, Corona said.

The commission so far exists in name only because its members have not been appointed and because funding for staff has not been appropriated, Corona said.

James, the tribal chairman, insists the commission could not dictate the business decisions of the Cabazons and he criticized Corona as "a thorn in our side."

James said Corona is engaging in speculation and said any commission inquiry would be a "witch hunt." Any decision on tribal affairs rests with tribal government, not the commission, he said.

"We're still under sovereignty when it gets right down to it," he said.

The Cabazon poker club remains open for business and one of James' objectives as tribal chairman is to expand the facility. That expansion was to have been financed by Speer's group before its financial setback.

The revised plan, James said, is to use proceeds from the Cabazon's venture with Colmac Energy Inc. of El Centro to build a waste-burning power plant on reservation land.

James also has placed high priority on establishing off-track horse race betting, which is under

state review, and offering new games at the tribe's Bingo Palace. Non-gaming ventures the tribe plans to pursue under James' administration include an amusement park next to the existing swap meet and a 550-space recreational-vehicle and mobile-home park.

James was elected tribal chairman in May to replace Arthur Welmas, who held the leadership post for many years.

Speer was reached at his office last week and declined to discuss the criminal charges. He is to stand trial Sept. 8 in Los Angeles.

James said Speer explained to him that the allegations stem from questionable "business practices" that are not crimes. The only connection between Speer's activities in Bell and on the reservation was when he was late one month this year in paying the tribe's percentage of the poker proceeds, James said.

James could not recall the amount that was overdue, somewhere between \$10,000 and \$30,000, but "he made it up and paid a late fee." Part of the "money crunch" Speer was experiencing at the time stemmed from his California Bell Club obligations and also because Speer had made "a bad move on the stock market," James said.

Speer took out a personal loan with a local bank but that loan has nothing to do with tribal operations, James said.

Mark Nichols, chief executive officer for the Cabazons, said the criminal case against Speer has resulted in closer monitoring of poker operations that had been entrusted largely to Southwest Gaming's staff. But Nichols, too, voiced support for Speer.

James said the management of the Desert Oasis Indian Casino "has been very stable" and the employees provided by Southwest Gaming have established ties to the community and shown loyalty to tribal leadership.

(Mount Clipping in Space Below)

Saturday, July 29, 1989

Poker club firm chief accused of embezzling

By MIKE KATAOKA
The Press-Enterprise

The man whose firm manages the Cabazon Indian poker club is awaiting trial in Los Angeles with three others suspected of embezzling funds from the California Bell Club, which his firm also operates.

Don Speer, 39, president of Southwest Gaming Inc. of Las Vegas, faces trial Sept. 8 in Los Angeles County Superior Court, according to the Los Angeles County District Attorney's Office.

Since July 1986, Southwest Gaming has contracted with the Cabazons in July 1986 to manage the reservation poker club, known as the Desert Oasis Indian Casino outside of Indio.

The firm also was instrumental in lifting the tribe out of bankruptcy court in March 1988 by providing a loan to pay off creditors and promising to spend at least \$3 million to convert the card room into a plush nightclub.

"We are, of course, highly disturbed over the fact that he's gotten into such a predicament," Mark Nichols, chief executive officer for the Cabazons, said yesterday. "We are of a mind to see his innocence, however."

Nichols said, "We always have had a good relationship with Southwest Gaming but we are taking steps to increase our presence." An increased presence, he



Don Speer

explained, means more direct involvement and monitoring of casino operations that had been left up to Southwest Gaming.

At his arraignment July 20, Speer pleaded innocent to charges of conspiracy to commit grand theft, grand theft and attempted grand theft in connection with operations at the California Bell Club in southeast Los Angeles County.

Reached at his Las Vegas office yesterday, Speer said the criminal case against him has not (See POKER, Page B-5)

(Indicate page, name of newspaper, city and state.)

Press Enterprise, P. B-1
Riverside, CA

Date: 7/29/89

Edition: Desert Pass

Title: Poker club firm chief
accused of embezzling

Character:
or

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Op 2

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FBI - LOS ANGELES	

Poker . . .

(From Page B-1)
affected his relationship with the Cabazons.

"We still have a contract," he said.

Speer declined to comment on his pending trial.

Michael Riordan, 41, vice president of Southwest Gaming, was charged with the same felony counts.

Other defendants are John Steven Vukasin Jr., 49, a former employee of the California Bell Club, and James Michael Salerno, 40, a company consultant.

According to Los Angeles County Sheriff's Department investigators, the four men are sus-

pected of embezzling \$70,000 from the club by adding chips to the card club's drop slot to inflate earnings and thereby increase their fees.

Earnings of more than \$200,000 a month entitled Southwest management to bonuses.

Nichols said the Cabazons have dealt extensively with Speer and have had occasional contact with Riordan but the other two men are unknown to him.

"We have never seen any wrongdoing on their part," he said of Speer and Riordan. "The tribe has found them to be pretty flexible and easy to work with."

Nichols said he learned of the Los Angeles case from Speer, who "informed us about it from the very inception."

The U.S. Bureau of Indian Affairs also has been advised of the situation along with the safeguards the tribe has instituted to protect its interests, Nichols said.

While Southwest has made its monthly guaranteed payments to the Cabazons, the tribe is disappointed that plans for an expanded casino have not been carried out, Nichols said.

The inability to finance the project has stalled it indefinitely, at least until the criminal case is resolved, Nichols said.

"We still have plans to expand," Speer said.

**HELP FOR PARENTS in
The Press-Enterprise**

Felony charges being dropped in poker club case

By MIKE KATAOKA
The Press-Enterprise

As part of a civil compromise reached in a Los Angeles County felony embezzlement case, criminal charges against two men whose firm manages the Cabazon Indian poker club near Indio are being dismissed.

Los Angeles County Deputy District Attorney Pamela Ferrero said yesterday that grand theft and conspiracy charges filed against Don Speer and Michael Riordan will be dismissed Sept. 28 when they repay around \$70,000 they had been accused of embezzling from the California Bell Club in southeast Los Angeles County.

Speer, 39, is president of Southwest Gaming Inc. of Las Vegas and Riordan, 41, is vice president. The firm has contracted with the Cabazons since July 1986 to manage the Desert Oasis Indian Casino on the reservation. The firm also managed the California Bell Club, which has gone into bankruptcy.

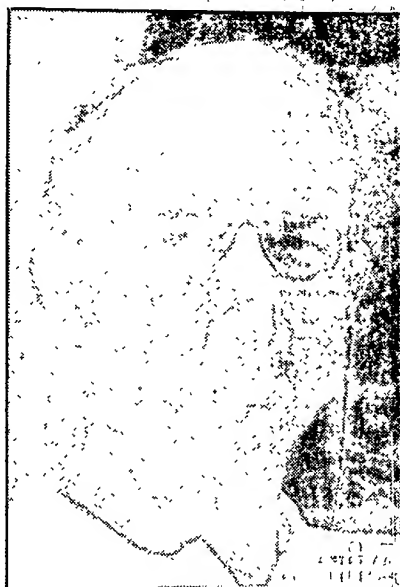
Both men had been accused of conspiracy to commit grand theft, grand theft and attempted grand theft at the California Bell Club. Ferrero said the civil compromise reached Monday in Los Angeles County Superior Court includes no admission of wrongdoing by Speer and Riordan.

Speer and Riordan were traveling yesterday and unavailable for comment, their secretary in Las Vegas said.

Two other defendants, John Steven Vukasin Jr., 49, a former employee of the California Bell Club, and James Michael Salerno, 40, a company consultant, pleaded guilty to misdemeanor theft charges. Ferrero said Vukasin and Salerno entered the pleas with the understanding that they will be granted probation and serve no jail time.

"They were the actual people who did the physical theft in terms of planting chips," Ferrero said.

The four defendants had



Don Speer

been accused of adding chips to the California Bell Club's drop slot, where the house's wins were deposited, to inflate earnings and increase bonuses for Southwest Gaming. The organized crime unit of the Los Angeles County Sheriff's Department investigated and the organized crime unit of the district attorney's office prosecuted.

Ferrero said Speer and Riordan contended that they had been advised by an attorney that their business practices were not against the law.

The case was scheduled for trial this week and Ferrero earlier this month did not anticipate a settlement. But she admitted yesterday that the evidence was weak that Speer and Riordan had a criminal intent.

"Because of some proof problems, we think this is the best disposition for all sides," she said.

Mark Nichols, chief executive officer for the Cabazon tribe, said yesterday, "We're glad (Speer) is not going to jail or be sentenced." He said he would have nothing further to say until he finds out more about the case.

(Indicate page, name of newspaper, city and state.)

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**Four Bell gambling club executives
continue to face charges**

By MIKE KATAOKA
The Press-Enterprise

A Los Angeles judge yesterday rejected defense motions to dismiss felony grand-theft and conspiracy charges against California Bell Club management executives Don Speer and Michael Riordan, whose firm also manages the Cabazon Indian poker club near Indio.

The Los Angeles County District Attorney's Office has alleged that Speer, Riordan and two others embezzled \$70,000 from the California Bell Club, located in Bell, by adding chips to the card

club's drop slot to inflate earnings and thereby increase their management fees.

Defense attorneys contended that the evidence does not support the criminal charges and that the accused lacked any criminal intent. What has been alleged as criminal activity involves little more than a contract dispute, they argued.

But Superior Court Judge Marsha Revel rejected the motion to dismiss the case and affirmed a Sept. 18 trial date for the four men.

Los Angeles County Deputy District Attorney Pam Ferrero, the prosecutor on the case, said she expects the trial will last about a month.

"There is a slight possibility of a plea bargain," she said. "I give this case a 5 percent chance of settling."

Speer, 39, is president of Southwest Gaming Inc. of Las Vegas and Riordan, 41, is vice president. Since July 1986, the Cabazon Band of Mission Indians has contracted with Southwest Gaming to manage the reservation poker

club, known as the Desert Oasis Indian Casino.

The firm provided a loan to pay off the tribe's creditors and settle a protracted bankruptcy case and further promised to spend at least \$3 million to convert the card room into a plush nightclub. The expansion and remodeling has not occurred.

Tribal officials have declared continuing confidence in Speer and Riordan.

John A. James, the Cabazons' tribal chairman and gaming com-

missioner, said he accepts Speer's explanation that Southwest Gaming engaged in some questionable business practices that did not amount to crimes.

That was essentially the argument raised in court yesterday, Ferrero said.

James and Mark Nichols, the tribe's chief executive officer, said an examination of the poker club's records under Southwest Gaming's management found nothing out of line.

Speer has declined to comment about the charges against

him. He and Riordan have pleaded innocent to charges of conspiracy to commit grand theft, grand theft and attempted grand theft.

The two other similarly charged defendants, who have no ties to the Cabazons' poker club, are John Steven Vukasin Jr., 49, a former employee of the California Bell Club, and James Michael Salerno, 40, a company consultant.

Besides the poker club, the Cabazons also operate a high-stakes bingo parlor and are on the verge of starting off-track race-horse betting.